Stagwell Q2 2022 Earnings Call

Thursday, August 4th, 2022

Introduction

Michaela Pewarski

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Agenda

Good morning, everyone. Welcome to the Stagwell Inc. webcast for the second quarter of 2022.

On today's webcast, Mark Penn, Chairman and Chief Executive Officer, will first provide an overview of Stagwell's second quarter, followed by a full review of the financial results from our Chief Financial Officer, Frank Lanuto. We will then take questions, which you can submit through the chat function on the video webcast portal.

Safe harbor statement

Before we begin our prepared remarks, I'd like to remind you that the following discussion contains forward-looking statements and non-GAAP financial data.

Forward-looking statements about the company, including those relating to earnings guidance, are subject to uncertainties referenced in the cautionary statements included in our earnings release and slide presentation, and are further detailed in the company's SEC filings. Unless otherwise stated, comparisons to prior year periods and historical results discussed on this webcast will be pro forma for the combination, giving full effect to historical results as if the combination had been completed on January 1, 2020.

For your reference, we posted an investor presentation to our website at stagwellglobal.com. We also refer you to this morning's press release and slide presentation for definitions, explanations and reconciliations of non-GAAP financial data.

And now, to get started, I'd like to turn it over to our Chairman and Chief Executive Officer, Mark Penn.

Overview of Q2 2022

Mark Penn

Chairman and CEO, Stagwell, Inc.

Strong growth with strong margins

Thank you, Michaela. Good morning, and thank you for joining us to discuss Stagwell's Second Quarter 2022 Results.

Stagwell delivered another quarter of strong growth with strong margins, keeping us on track with our full-year plan of 18% to 22% organic growth. We're demonstrating that our combination of creativity and technology is working, and helping us expand our market share. We delivered industry-leading organic net revenue growth of 16% in the face of our toughest quarterly comparisons for the year. We achieved this 16% growth on top of 29% in 2Q 2021, bringing our two-year stack to 45%.

Digital services contributed to 57% of net revenue

Our digital capabilities propelled our growth, increasing 28% organically on top of the last year's 39% organic growth in the second quarter. Digital services contributed to 57% of net revenue and 62% of adjusted EBITDA in the quarter. Our unique mix of digital services is contributing to growth significantly higher than legacy companies in the industry and will continue to propel us higher.

Wallet share of our largest clients increased by 30%

We're growing our share of wallet with our largest clients. The average client size among the top 25 has grown from about $4.5 million to about $6 million, a 30% increase. To handle all of this growth, we are well on our way to implementing unified systems in Accounting, Media, Human Resources and Real Estate Management. These systems will largely be in place by Q1 2023 and yield promised synergies.

We believe many of the prevailing industry trends that are competitive headwinds for some of the dominant advertising platforms can be opportunities for Stagwell. The rise of new platforms and channels like TikTok, Connected TV, e-commerce marketplaces and digital out-of-home increases the complexity of digital media buying. And so, more clients are turning to our state-of-the-art media buying operations in these emerging areas.

Reaffirming our strong outlook for the year of 18% to 22% organic net revenue growth

As we head into the back-half of this year, our comparisons eased significantly and we expect to continue to deliver strong growth. Our Advocacy businesses, Targeted Victory and SKDK, are also gearing up for the US midterm election cycle, which we expect to benefit our growth and margins in the third and especially the fourth quarter.

While we continue to perform ahead of plan, we're taking a prudent approach to full-year guidance. While incumbents have minimally raised outlooks to 6% to 7% growth, we are reaffirming our already strong outlook for the year of 18% to 22% organic net revenue growth and $450 million to $480 million in adjusted EBITDA.

Q2 2022 results

Taking a closer look at our results, Q2 net revenue was $556 million, a pro forma increase of 16% over the prior year, including 16% organic growth. Year-to-date, net revenue of $1.08 billion grew 19% with 20% organic growth versus the same period last year.

Excluding our Advocacy businesses, organic growth was 15% for the quarter and 19% for the first half of the year. Growth was strong across the digital layers of our principal capabilities pyramid, which were up 31% overall and accounted for 57% of net revenue in Q2.

Digital Transformation

Our Digital Transformation businesses grew 37% organically on top of the 51% organic growth in the prior year. This group was led by GALE, our fully integrated agency within the Stagwell Media Network, which grew in the range of 150% organically.

Code and Theory and its engineering subsidiary, True Logic, grew more than 50% organically in Q2, compounding on similar growth in the prior year. Code and Theory's success continues to be driven by significant expansion in the scope and complexity of their engagements. Our online fundraising businesses also grew more than 50% organically in the quarter.

Performance media and data layer

Our performance media and data layer, which includes most of the Stagwell Media Network, grew 17% organically on top of 18% growth in 2Q 2021. Our flagship omnichannel media business assembly had a strong quarter as large contracts, one in the previous six months, scaled into the business.

Strength was driven by our Travel business, which nearly doubled in the second quarter with the recovery in travel volumes.

The Media Network also integrated Brand New Galaxy, our full-service scaled e-commerce company we acquired in April. Brand New Galaxy has seen a raft of New Business opportunities as agencies across the network are opening up client doors.

Consumer Insights and Strategy

Our Consumer Insights and Strategy businesses continued their strong growth with 27% organic growth in the second quarter on top of having grown 64% in Q2 2021. NRG, our technology and entertainment content consultancy, had another good quarter, driven by growth with streaming, gaming, sports, technology and film clients.

On the brand strategy side, The Harris Poll had an equally strong quarter with significant gains in their SaaS product, The Harris Brand platform.

Lastly, our Creativity and Communications businesses grew 4% organically on top of prior year's significant 20% growth levels.

Global PR

Our global PR business, Allison+Partners, grew roughly 20% driven by increased spending from existing clients such as AB InBev, Amazon and Google, along with New Business wins from Dyson and InterContinental Hotels Group. Our Creative and PR business has made a strong Stagwell debut at the Cannes Festival of Creativity, which made its pandemic comeback in June.

Anomaly, Forsman & Bodenfors, Observatory, Allison+Partners brought home 18 prestigious Lions from the South of France. The Polis, known as the Academy Awards of political advertising, took place in May. And SKDK had an amazing night, winning six awards, including 'Best Overall TV Campaign' for Shontel Brown.

Financial results overview

Adjusted EBITDA was $111 million for the second quarter, an increase of 13% versus the prior year, bringing our adjusted EBITDA to $213 million for the first half, an increase of 22%. We also generated $25 million of net income in the second quarter, equating to $0.08 of fully diluted earnings per share as we continue to grow quarter-after-quarter of positive net income.

Year-to-date, we've generated $58 million of net income and $0.18 of fully diluted EPS. On a full-year basis, we expect a heavier weighting of EBITDA and earnings in the back-half of the year due to the holiday seasonality and the impact of the election cycle at our Advocacy businesses.

Q2 EBITDA margins were strong at 20% of net revenue. We incurred $4 million of incremental travel and entertainment expenses as in-person pitches at the popular Cannes

Festival were back in full force. And we still achieved a 20% margin, far above most competitors.

Our continued focus on cost controls is evident in the improvement of our comp-to-revenue ratio, which fell to 63% in Q2 versus 65% in the prior year. Our ability to control labor costs is assisted by our network of nearshore and offshore engineering talent that's carefully integrated with onshore technology teams. Others in the industry have not been as careful balancing high growth and yet keeping productivity in check.

We expect to see margin expansion during the remainder of the year and continue to target 25 to 50 bps of annual margin expansion over the long term, driven by a growing mix of higher-margin digital capabilities. Net New Business was $31 million in the quarter, a healthy number after two record quarters of New Business.

We observed a rush of New Business heading into the end of 2021 as we came out of the pandemic, a slowing of pitches in the beginning of Q2, and now a resumption of strong opportunities as companies prepare for the end of the year and a successful 2023. Our trailing 12-month net New Business is $224 million.

Expansion plan

We had numerous notable business wins and expansions across our principal capabilities. In Creativity and Communications, we won business with the LA Rams at 72andSunny; Thomson Reuters at Sloane & Company; GoodRx and TikTok at Allison+Partners, and Johnson & Johnson at Doner.

Consumer Insights and Strategy has won work with MetLife at Harris. Digital transfer agency, YML, won business with the Mayo Clinic, while Code and Theory won New Business with Lenovo and significant expansion work with JP Morgan Chase.

Technology sector

As we shift from pitches to deeper, more lasting relationships, more and more growth is coming from land-and-expand across larger clients, which is not captured in the net New Business statistics. This is particularly true in the technology sector.

Of our six largest clients, four are now mega-cap technology companies, all of which reported better-than-expected second quarter earnings without any cuts to their outlook.

After years of procurement separating media from creative, the demands of the digital world are bringing them together again and we are responding to this trend. These new kids – kinds of media and creative and commerce hybrid accounts are helping fuel 33% growth in the media capability.

Expanding Stagwell Media Network's creative breadth

To further expand the media network's creative breadth, creative agencies, CPB, Forsman & Bodenfors, Observatory, and Vitro are joining the Stagwell Media Network. Additionally, we're helping all our integrated agencies bring media capabilities in-house by implementing the Stagwell Media Studio. These moves will enable all Stagwell agencies to offer different flavors of connected offerings between advertising and media to a broad mix of clients.

Stagwell Marketing Cloud

We also made investments in progress in the Stagwell Marketing Cloud, our suite of SaaS and DAS tools built for in-house marketers.

In July, we announced the acquisition of Apollo program, a real-time AI-powered SaaS platform that uncovers consumer, creative and contextual insights for scaled modern marketing.

This data and analytics technology will be integrated into our consumer understanding and engagement platform, which we call Q, for enhanced audience identification and activation.

We are bringing together a cloud-specific engineering team, and we are on track to launch around our multiuser, augmented reality experience for live events and stadiums, which we are launching soon with the Minnesota Twins.

In June, we also announced the acquisition of TMA Direct, which sits in the political data area. TMA will be bolted on to Targeted Victory, and the combined entity will have an enhanced integrated data and technology offering to modernize how campaigns are funded and managed.

Our investments in the Stagwell Marketing Cloud and acquisitions of Apollo and TMA are indicative of our growing focus on building more predictable and recurring revenue streams. Through developing and acquiring software and data, we can leverage into our existing client flow.

Balance sheet and capital allocation

Turning to the balance sheet and capital allocation. Our net leverage stands at 3.1x LTM, adjusted EBITDA of $416 million. We expect leverage to decline meaningfully in both the third and fourth quarters as we generate significant free cash flow through the year-end. With bonus payments in nearly all this year's DAC payments now behind us, our LTM EBITDA is expanding.

Share repurchase plan

In May, Moody's upgraded Stagwell's Corporate family rating to B1. During the quarter, we also returned $15 million of capital to shareholders through our stock repurchase plan, which was announced in May, leaving approximately $110 million of the $125 million repurchase authorization in place.

We continue to view our shares as being grossly undervalued, given our industry-leading growth at high margins. As a reminder, we're targeting an allocation of one-third of free cash flow for M&A payments related to completed acquisitions, one-third of free cash flow towards new M&A, and one-third towards a mix of debt reduction and share repurchases.

Summary

In sum, one year after the combination, Stagwell is showing we can maintain growth in margins at industry-leading levels. Stagwell is achieving our goal of being the first viable alternative to the legacy holding companies in decades.

Our investments in the Stagwell Marketing Cloud, proprietary software and data position us for continued technology leadership and marketplace expansion. And as we scale the

network, we're doing the hard work to fortify and optimize our corporate infrastructure to support future growth and profitability.

With that, I am pleased to present a brief video recapping our second quarter results, after which our CFO, Frank Lanuto, will discuss our second quarter financials in more detail. As a reminder, you can ask questions via the chat button.

Okay, let's roll the video.

[Video]

Speaker: Another strong quarter of remarkable performance as we celebrate Stagwell's first birthday. Our results show Stagwell is the challenger network built to transform marketing. Take a look at our impressive performance in Q2 2022.

We delivered industry-leading growth and margins, including $556 million in net revenue and $111 in adjusted EBITDA, driven by growth in two key areas. Our Media Network is breaking out and our digital acceleration continues.

Stagwell is the only full-service marketing network with a digital majority revenue mix, with 57% of net revenue from digital services. We're creating transformational work with amazing clients, driving innovation globally and investing in the Stagwell Marketing Cloud, all while remaining disciplined on costs. We are prepared to navigate uncertainties the future may bring and reiterating 2022 guidance.

Q2 2022, another great step forward. And we're just getting started.

[End of video]

Review of Financial Results

Frank Lanuto

CFO, Stagwell, Inc.

GAAP Results supplemented with pro forma combined results

Thanks, Mark. Good morning, everyone. We're pleased to have you join us today to discuss our Q2 and six-month results. As has been the case with our recent post-merger results, my comments today will include a limited discussion of our GAAP results, which will be then supplemented with pro forma combined results as if the business combination had occurred on January 1, 2021. The supplemental pro forma results will provide useful information to evaluate Stagwell's performance.

GAAP results

Revenue

Revenue for Q2 was $673 million versus $210 million for the same period in the prior year, or an increase of 221%. Net revenue, excluding pass-through costs, was $556 million versus $182 million in the prior period or an increase of 206%.

For the six months, revenue was $1.32 billion versus $391 million for the same period in the prior year, or an increase of 237%. Net revenue, excluding pass-through costs, was $1.08 billion versus $340 million in the prior period, or an increase of 219%.

Adjusted EBITDA

Adjusted EBITDA for Q2 was $111 million versus $39 million for the same period in the prior year, or an increase of 188%. For the six months, adjusted EBITDA was $213 million versus $63 million for the same period in the prior year, or an increase of 240%.

Pro forma results of the combined company for Q2 and the six months

Now the remainder of my comments will now focus on the pro forma results of the combined company for the second quarter and the six months.

Revenue

Revenue for Q2 was $673 million versus $555 million in the prior period, or an increase of 21%. Net revenue for the quarter, excluding pass-through costs, increased 16% to $556 million from $480 million in the prior year. Excluding Advocacy, revenue and net revenue increased 19% and 15% respectively.

For the six months, revenue increased to $1.32 billion from $1.04 billion in the prior year, or an increase of 26%. Net revenue, excluding pass-through costs, increased to $1.08 billion from $909 million in the prior year, or an increase of 19%.

Excluding Advocacy, revenue and net revenue increased 24% and 18% respectively. And on an organic basis, net revenue increased by 16% and 20% for the quarter and six months respectively.

As you know, we report our revenue by both our reportable segments and our principal capabilities. As Mark has already discussed our performance by principal capabilities in his remarks, I won't repeat those details here.

Segment-wise results

And with that, let me turn to our segments. We have three reportable segments, consisting of the Integrated Agencies Network, the Media Network and the Communications Network. During the quarter, we repositioned certain of our businesses between these reportable segments to enhance our go-to-market strategy and more closely integrate our media and creative capabilities. Please refer to our forthcoming second quarter Form 10-Q for the details of the components of the reportable segments.

I will now discuss the operating results of each of these segments.

Integrated Agencies Network

Beginning with Integrated Agencies, our largest segment, organic net revenue grew by $27 million and $79 million or 9% and 15% in Q2 and for the six months respectively, driven by strength in digital, integrated pitches and larger contract wins.

Media Network

The Media Network increased its organic net revenue by $36 million and $68 million or 28% and 27% in Q2 and for the six months respectively, driven by demand for our digital services, several $10 million contract wins and growth in our travel-related business.

Communications Network

Organic net revenue in the Communications segment increased by $15 million and $30 million or 28% and 30% in Q2 and for the six months respectively, driven by the ramp-up in our Advocacy business in the midterm election year.

Adjusted EBITDA

And now turning to costs. Adjusted EBITDA increased in Q2 to $111 million or 13% from $99 million in the prior period with an EBITDA margin of 20%, slightly lower from the prior period by approximately 50 basis points. Excluding Advocacy, adjusted EBITDA increased 11% with margins of 19.2%, down approximately 55 basis points from a year ago.

The slight decrease in EBITDA margin for the quarter is attributable to increased expenses associated with new business pitches, certain unbillable direct costs tied to revenue growth at several of our businesses, and an increase in travel and entertainment as in-person meetings are gradually returning, all partially offset by a lower compensation-to-revenue ratio as the company has effectively managed its single largest expense in a period of wage inflation.

For the six months, adjusted EBITDA increased to $213 million or approximately 22% versus $174 million in the prior period with an EBITDA margin of 19.6%, higher from the prior period by approximately 50 basis points. Excluding Advocacy, adjusted EBITDA increased 21%, with our EBITDA margin rising to 18.8% from 18.4%.

Core synergies

We continue to make progress with our core synergies initiative. During the quarter, we took charges of approximately $1.8 million, principally for reduced headcount and systems implementations, with expected full-year savings of approximately $5.3 million.

From inception to date, we have taken charges of approximately $3.6 million, with expected savings in 2022 of $14.1 million and annualized run rate savings of $17.2 million. We remain on our schedule to achieve $30 million in run rate cost savings by the end of 2023.

Balance sheet

And now, turning to our balance sheet. During the quarter, the Company completed the previously disclosed acquisition of Brand New Galaxy, a leading provider of scaled commerce and marketplace solutions; and TMA Direct, a direct response firm in the political data and marketing arena.

In total, the Company's M&A-related obligations, which include deferred acquisition consideration, redeemable non-controlling interests and profits interests decreased from $306 million in Q1 to $277 million.

CAPEX for the quarter and the six months was $7.9 million and $14.5 million respectively, or approximately 1% of year-to-date revenue, in line with our previous estimates.

We also acquired approximately $15 million of our shares through our stock repurchase program during the quarter, returning capital to our shareholders. We have approximately $110 million remaining under our $125 million authorization.

And during the quarter, Moody's Investor Service increased our Corporate family credit rating to B1 from B2, citing the Company's operating momentum and focus on deleveraging.

Liquidity

Moving to liquidity. We ended the quarter with $93 million in cash and approximately $298 million drawn against our $500 million revolver.

We expect this to be the high watermark of borrowings for the year, with rejections – with reductions projected in the following two quarters, driven by the cyclicality of the business.

Our total leverage ratio at June 30 was 3.27x. Excluding M&A obligations, our net leverage was 3.1x.

Guidance

And finally, moving to guidance. The company is reaffirming its full-year guidance of pro forma net revenue growth of 18% to 22%; pro forma net revenue growth, excluding Advocacy, of 13% to 17%; and adjusted EBITDA of $450 million to $480 million.

Our outlook is based on prevailing macro conditions and does not reflect any significant adverse impact from changes in foreign exchange rates or the ongoing war in Ukraine.

That concludes our prepared remarks for this morning. Thank you. We will now open it up for Q&A. Please submit your questions via the chat button at the top of your screen.

Michaela Pewarski: Before our first question, I just wanted to apologize for the background noise from the window washers, here at One World Trade. We'll definitely clear our schedule with them beforehand next time.

Q&A

Michaela Pewarski: So the first question is from Mark Zgutowicz from Benchmark.

'Good morning, Mark and Frank. Nice quarter on a tough COVID comp. Two questions.

The first on Advocacy, and particularly Targeted Victory. Just curious how fluid those dollars are now in front of the midterms? Or said differently, how much of your 2H Advocacy business is circled versus what could surprise you to the upside?'

Mark Penn: I've – I think that what we've seen in general is a pattern in which the midterms that follow a presidential election are about equal to the past previous election. And then, the next presidential election jumps up even higher because there is a pattern of secular growth.

So we raised about $1 billion last time. We expect to raise $1.2 billion to $1.3 billion. Again, we don't know how much politics will heat up even further, given the introduction of additional issues such as – into the political stream. But those are our estimates and we appear to be on track with those estimates.

We have, in the past, something like an additional run-off in Georgia the last time that then triggered a whole another round of fundraising that otherwise wouldn't have existed. Always possible that events like that will occur again.

Michaela Pewarski: Second question for Mark.

'What's your current visibility of larger-scale RFPs for the remainder of the year? And how do you see your positioning? Do you expect the macroenvironment to have any impact here? Example, put any of these RFPs on pause.'

Mark Penn: As I said in my remarks, we actually are seeing the opposite now. While after the rush of New Business going into the beginning of the year, we saw a slight low than in pitches. But when we got back from Cannes, we really saw a flood of new pitches. We're now up for a raft of very significant $10 million pitches which have opened up, most of which are due between now and fall or late fall to be resolved. So we are seeing here a very healthy pitch market.

Had I not seen that resumption, I may have been concerned. But what I really saw was a flood of those things. I think there are one or two things that are in the trades, where you see that we're in the finals for $20 million-plus pitches. We announced just today Topgolf was won by Anomaly. We're just seeing – not seeing any kind of slowdown or pausing in pitches right now in this industry.

Michaela Pewarski: Great. The next question is from Avi Steiner at JP Morgan.

'Many digital-only platforms have highlighted slowing ad spend in the second half. Is Stagwell's collection of agencies seeing any slowdown, be it due to the macro backdrop or other factors?'

Mark Penn: Again, remember that our buying is principally online buying and performance-oriented media. So it's less likely, I think, contrary to some articles I've seen, that companies are going to cut revenue-producing media. They're going to cut non-revenue-producing media.

Remember, our growth is on digital first. Our growth is strong because of the tech stack that we have in media. I think we have more insularity from any such wins. But are we seeing them? No. We're seeing a very strong travel and entertainment summer, a rebound in our travel business, and what looks like what's going to be a very market-competitive holiday season and people are gearing up for the holiday season.

Remember, the Fed is trying to restrain the economy, particularly the consumer economy, and we're beneficiaries of that hot consumer economy. If and when I see something different, I'll report it. It's just not what we see, in terms of how our clients are acting.

Michaela Pewarski: A follow-up from Avi.

'The company's revolver balance for the slides is at elevated levels. Can we expect cash generated in the second half to pay that balance down beyond the one-third cash allocation to debt comments? Any guidance as to where the revolver balance will end at year-end?'

Mark Penn: I don't think we give specific guidance. But in general, yes. I think, as Frank pointed out, we're at a high watermark, having both launched a number of acquisitions, all of the DAC payments, all of the taxes and bonus payments, in terms of the circularity of the year, as well as having strong growth in the business.

We expect that to come down very, very significantly by the end of the year as the cash flow into the end of the year is realized and, particularly, then also as the political season heats up.

Frank, anything to add here?

Frank Lanuto: No, I think you covered it, Mark, and I did address it in the script. So – and there's also the optionality of what we do with the free cash. It's not locked in at one-third for each bucket. I mean, if the opportunities arise, you may do other things.

Michaela Pewarski: This next question comes from Steve Cahall at Wells Fargo.

'With 2Q serving as your toughest comp of the year, how should we be thinking about the shape of organic growth in the back-half?

Relatedly, we've seen mixed signals from different portions of the advertising market. Agencies like yourself have continued to grow strongly, while Search, Social, CTV have started to see some deceleration. How can we square what you're seeing in the ad market with some of the numbers coming out of the end platforms?'

Mark Penn: Well, the ad market, overall, is difficult to read because there are two or three trends happening at once, and then there is Stagwell.

I think what you're seeing is increased competition in the online advertising industry itself, right? You're seeing TikTok come in. You're seeing new marketplaces come in. You're seeing that people have more than two choices now in their placement. And the number of choices with Netflix advertising will only expand.

So I think that the market is going to be increasingly spread out and harder to read. The second trend I think you're seeing is continued movement from offline to digital media placement. And then, you see Stagwell here that is also gaining market share, right, in the face of those two trends, both of which are quite favorable to its formula or mix of companies.

Michaela Pewarski: The next question comes from an investor.

'What are your thoughts on buying back bonds, given the significant discount to par? Wouldn't it be highly accretive to stock?'

Mark Penn: I don't want to comment on that directly. I did in the past, buy some bonds back. There's a – the credit market is showing its various shifts. Right now, we have $125 million stock buyback authorization program. So I don't think I'd comment. I appreciate your observation.

Michaela Pewarski: And the next question comes from an investor.

'You mentioned your comp-to-revenue ratio in good control of compensation during recent inflation. Has this affected staff churn and productivity? And is this a concern for the second half?'

Mark Penn: No. I think that we're seeing really great productivity in the agencies. And what you're really seeing is we don't manage to specific comp. We manage to comp-to-revenue ratio. That means that what we look for is higher productivity employees, some of which who may be paid even more. And then, we also, as we pointed out, have been successful at distributing the workforce, both nationally and internationally, in ways that keep our comp-to-revenue down.

So I think whereas at some other companies, I've seen the controls not be as tight as we have. I think we've successfully managed the combination of productivity, attracting great talent. Remember, we're now actually at about 13,600 people. So we have added literally thousands of people to the company. And we've been a very attractive, growing place for

people to come in the marketing industry. And so, I think we're successfully adding people, and we're doing so prudently in a way that creates lasting, great careers for people.

Michaela Pewarski: Great. And that concludes our questions. I'll turn it back to Mark Penn. Do you have any closing comments?

Mark Penn: Thank you. I hope investors will see that it's been another strong quarter, a strong quarter of growth and we remain on track to really 18% to 22% industry-leading growth, at the same time while maintaining strong margins and profitability, that we're managing to both put in the kinds of infrastructure that I think will lead to long-term controls and infrastructure in just the right way.

At the same time, we're doing amazing, award-winning, creative work that brought us 18 Lions. And that I believe is – now as I believe that having the right mix between all of the digital sciences, the data, the media and award-winning creativity is the way that we can expand to become a major player in this marketplace. And on top of that, we are building our SaaS and DAS Marketing Cloud. More to come. Thank you very much.

[END OF TRANSCRIPT]