

**MDC  Partners**

**Management Presentation**

**May 3, 2012**

**First Quarter 2012 Results**



# FORWARD LOOKING STATEMENTS & OTHER INFORMATION

This presentation, including our “2012 Financial Outlook”, contains forward-looking statements. The Company’s representatives may also make forward-looking statements orally from time to time. Statements in this presentation that are not historical facts, including statements about the Company’s beliefs and expectations, earnings guidance, recent business and economic trends, potential acquisitions, estimates of amounts for deferred acquisition consideration and “put” option rights, constitute 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 severe effects of international, national and regional economic downturn;
- the Company’s ability to attract new clients and retain existing clients;
- the spending patterns and financial success of the Company’s clients;
- 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 “put” option rights and deferred acquisition consideration;
- the successful completion and integration of acquisitions which compliment and expand the Company’s business capabilities; and
- foreign currency fluctuations.

The Company’s business strategy includes ongoing efforts to engage in material acquisitions of ownership interests in entities in the marketing communications services industry. The Company intends to finance these acquisitions by using available cash from operations and through incurrence of bridge or other debt financing, either of which may increase the Company’s leverage ratios, or by issuing equity, which may have a dilutive impact on existing shareholders proportionate ownership. At any given time the Company may be engaged in a number of discussions that may result in one or more material acquisitions. These opportunities require confidentiality and may involve negotiations that require quick responses by the Company. Although there is uncertainty that any of these discussions will result in definitive agreements or the completion of any transactions, the announcement of any such transaction may lead to increased volatility in the trading price of the Company’s securities.

Investors should carefully consider these risk factors and the additional risk factors outlined in more detail in the Annual Report on Form 10-K under the caption “Risk Factors” and in the Company’s other SEC filings.



# KEY HIGHLIGHTS

- Q1 2012 organic revenue growth of 5.4%
- Q1 2012 revenue increased 9.7% to \$236.0 million versus \$215.1 million in Q1 2011
- Q1 2012 EBITDA decreased 51.4% to \$7.5 million versus \$15.4 million in Q1 2011
- Severance expense impacted the quarter by \$2.2 million, which combined with elimination of open positions led to a \$19 million reduction in costs on annualized basis
- Net new business wins of \$49.6 million for Q1 2012, an increase of 506% versus Q1 2011
- Total Free Cash Flow for Q1 2012 of \$67.9 million
- Affirm commitment to long term EBITDA margin target of 15-17%



# CONSOLIDATED REVENUE AND EARNINGS

(US\$ in millions, except percentages)

	Three Months Ended March 31,		
	2012	2011	% Change
<b>Revenue</b>	\$ 236.0	\$ 215.1	9.7 %
<b>Operating Expenses</b>			
Cost of services sold	177.3	157.8	12.4 %
Office and general expenses	60.4	44.5	35.8 %
Depreciation and amortization	10.0	10.3	(2.9) %
<b>Operating profit (loss)</b>	(11.7)	2.6	(554.9) %
Other income (expense), net	(12.0)	(9.2)	
Income tax expense	1.3	0.4	
Equity in earnings of non-consolidated affiliates	0.3	0.3	
<b>Loss from Continuing Operations</b>	(24.6)	(6.8)	
Loss from discontinued operations, net of taxes	(0.3)	0.3	
<b>Net Loss</b>	(24.9)	(7.1)	
Net income attributable to the non-controlling interests	(1.4)	(1.6)	
<b>Net Loss attributable to MDC Partners Inc.</b>	\$ (26.3)	\$ (8.7)	

Note: Actuals may not foot due to rounding



# SUMMARY OF SEGMENT RESULTS - REVENUE

(US\$ in millions, except percentages)

	Three Months Ended March 31,		
	2012	2011	% Change
<b>Revenue</b>			
Strategic Marketing Services	\$ 160.4	\$ 141.5	13.4 %
Performance Marketing Services	75.6	73.6	2.7 %
<b>Total Revenue</b>	<b>\$ 236.0</b>	<b>\$ 215.1</b>	<b>9.7 %</b>

- **Solid organic growth despite difficult comparisons**
- **New business wins driving market share gains**
- **Acquisitions and investments bolstering financial performance**



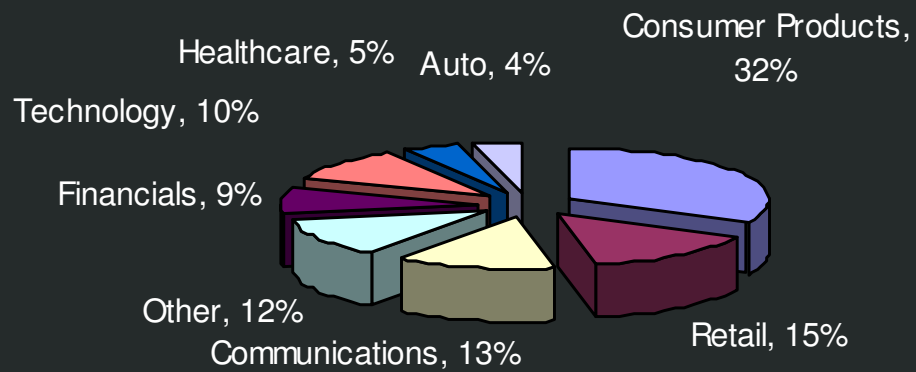
# FIRST QUARTER 2012 REVENUE GROWTH BY SEGMENT

	Strategic Marketing Services	Performance Marketing Services	Weighted Average Total
Organic Growth	8.7%	-1.0%	5.4%
Acquisition Growth	5.0%	4.0%	4.7%
Foreign Exchange Growth	-0.3%	-0.4%	-0.4%
Total	13.4%	2.7%	9.7%

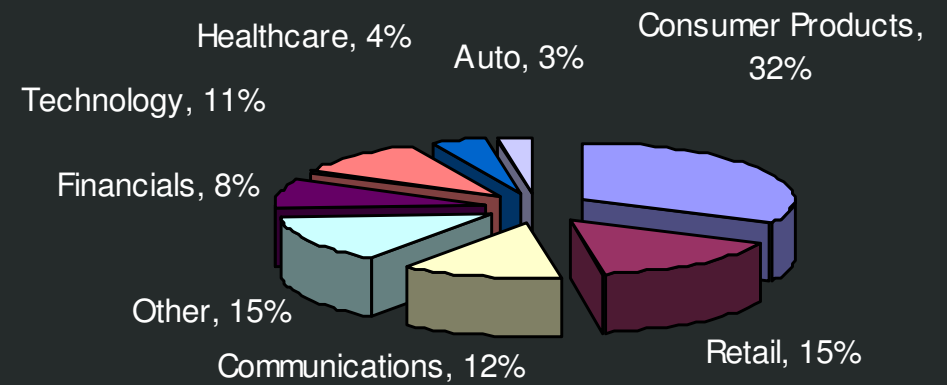


# FIRST QUARTER REVENUE BY CLIENT SECTOR

Q1 2012



Q1 2011



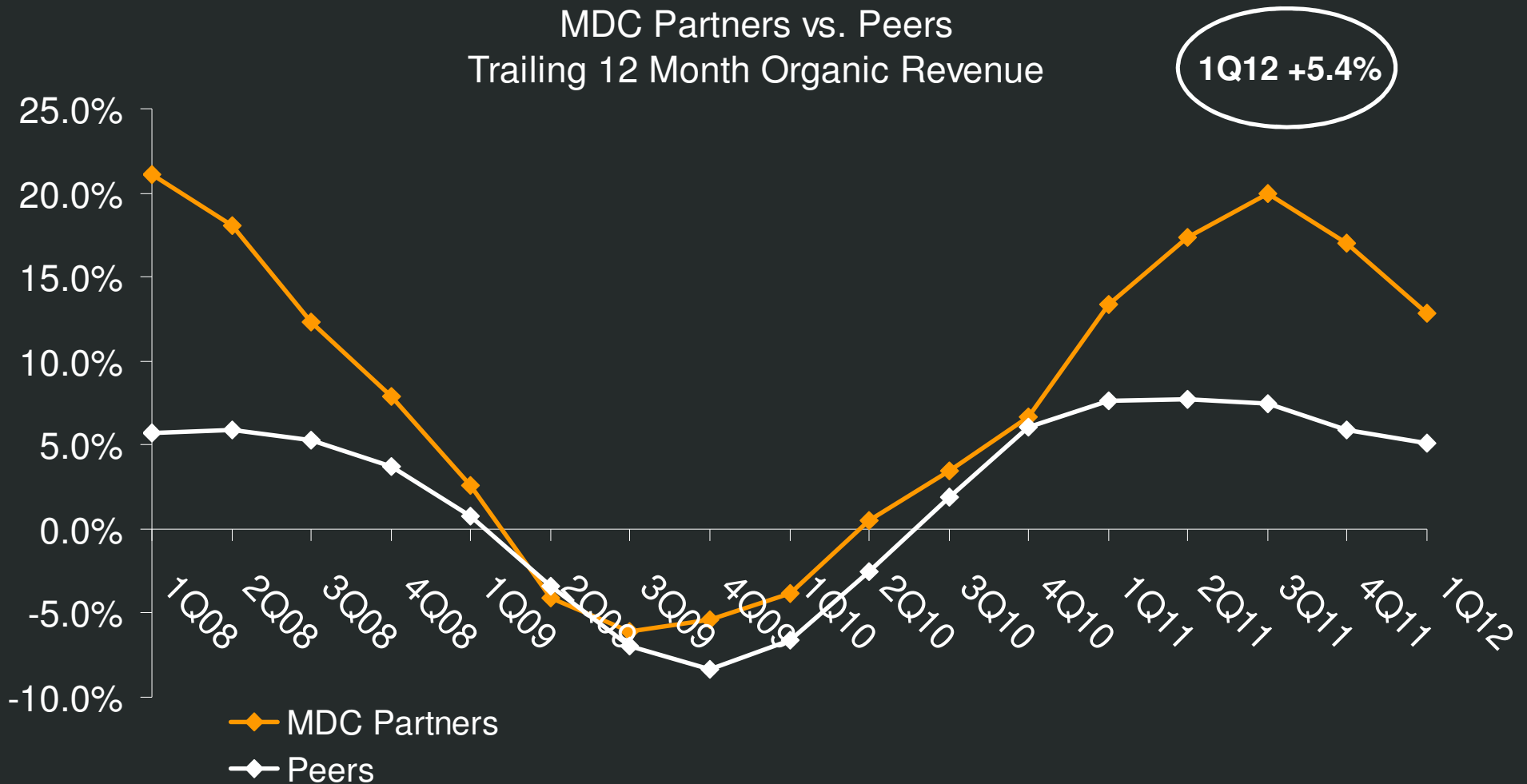
Note: Actuals may not foot due to rounding



# ORGANIC GROWTH

Outperformance Despite More Difficult Comparisons

MDC Partners vs. Peers  
Trailing 12 Month Organic Revenue



Note: Peers include Omnicom, Interpublic, WPP Group, Havas and Publicis for 1Q08-1Q12





# SUMMARY OF SEGMENT RESULTS - EBITDA

(US\$ in millions, except percentages)

	Three Months Ended March 31,		
	2012	2011	% Change
<b>EBITDA</b>			
Strategic Marketing Services	\$ 10.0	\$ 15.0	(33.4) %
<i>margin</i>	6.2%	10.6%	
Performance Marketing Services	2.6	4.2	(39.4) %
<i>margin</i>	3.4%	5.8%	
<b>Marketing Communications</b>	12.5	19.2	(34.8) %
<i>margin</i>	5.3%	8.9%	
<b>Corporate Expenses</b>	(5.0)	(4.1)	24.2 %
<b>Profit Distributions from Affiliates</b>	-	0.3	
<b>Total EBITDA</b>	\$ 7.5	\$ 15.4	(51.4) %
<i>margin</i>	3.2%	7.2%	

Note: Actuals may not foot due to rounding



# FREE CASH FLOW

(US\$ in millions)	Three Months Ended March 31,	
	2012	2011
EBITDA	\$7.5	\$15.4
Net Income Attributable to Noncontrolling Interests	(1.4)	(1.6)
Capital Expenditures	(4.6)	(4.9)
Cash Taxes	(0.0)	(0.1)
Cash Interest, net & other	(9.4)	(8.4)
<b>Free Cash Flow</b>	<b>(\$7.9)</b>	<b>\$0.5</b>

Note: Actuals may not foot due to rounding



# LIQUIDITY

## Available Liquidity at March 31, 2012\*

(US\$ in millions)

Commitment Under Facility	\$ 150.0
Drawn	23.9
Letters of Credit	5.7
Funds Available Under Facility	\$ 120.4
Total Cash	36.0
Liquidity	\$ 156.4

\*Note: At March 31 2012, after giving effect to the limitations under the 11% Senior Notes indenture, approximately \$138.0 million was available under the bank credit facility.



# 2012 FINANCIAL OUTLOOK

---

	<b>2012 Guidance</b>	<b>Implied Year over Year Change</b>
Revenue	\$1,050 - \$1,075 million	+11.3% to +14.0%
EBITDA	\$110 - \$115 million	+21.2% to +26.7%
Free Cash Flow	\$35 - \$40 million	+50.8% to +72.3%
+ Change in Working Capital and Other	+\$25 million	
Total Free Cash Flow	\$60 - \$65 million	+10.6% to +19.8%
Implied EBITDA Margin	10.5% - 10.7%	+90 to +110 basis points

---

Note: See appendix for definitions of non-GAAP measures

---



# APPENDIX



# TEMPORAL PUT OBLIGATIONS AND IMPACT ON EBITDA

Estimated Put Impact at March 31, 2012					
(US\$ in millions)	Payment Consideration			Incremental EBITDA in Period	
	Cash	Stock	Total		
<b>2012</b>	3.1	0.3	3.4	3.1	
<b>2013</b>	9.8	0.6	10.4	1.1	
<b>2014</b>	3.7	0.9	4.6	1.3	
<b>2015</b>	3.4	0.5	3.9	1.3	
<b>Thereafter</b>	6.7	0.4	7.1	0.7	
<b>Total</b>	\$26.7	\$2.7	\$29.4	\$7.5	

<b>Effective Multiple</b>	<b>3.9</b>
---------------------------	------------

Note: Excludes put rights of \$79.4 million exercisable pursuant to termination of employment or death.



# BALANCE SHEET: 2016 SENIOR NOTES

Principal Amount	\$345 Million
Date	November 1, 2013 at 105.00% November 1, 2014 at 102.75% November 1, 2015 and thereafter at 100.00%
Maturity	November 1, 2016
Security	Unsecured
Coupon	11%
Ratings	Moody's - Corporate: B1; Notes: B2 S&P: Corporate: B+; Notes: B+



# BALANCE SHEET: REVOLVING CREDIT FACILITY

Amount	\$150 Million
Type	Senior Secured
Maturity	October 23, 2015
Facility Fee	50bps per annum
Drawn Rate	Prime +225bps / LIBOR +250bps
Covenants	<ul style="list-style-type: none"><li>• Minimum EBITDA: \$93.4 million</li><li>• Fixed Charge Coverage Ratio: 1.10:1.0</li><li>• Senior Leverage Ratio: 2.0:1.0</li><li>• Total Leverage Ratio: 4.6:1.0</li></ul>





# SUMMARY OF CASH FLOW

(US\$ in millions)	Twelve Months Ended March 31,	
	2012	2011
Cash flows (used in) provided by continuing operating activities	\$12.4	(\$37.1)
Discontinued operations	<u>0.1</u>	<u>0.1</u>
<b>Net cash (used in) provided by operating activities</b>	<b>\$12.5</b>	<b>(\$37.1)</b>
Cash flows (used in) provided by continuing investing activities	\$33.1	(\$14.6)
Discontinued operations	<u>-</u>	<u>(0.2)</u>
<b>Net cash (used in) provided by investing activities</b>	<b>\$33.1</b>	<b>(\$14.7)</b>
<b>Net cash (used in) provided by financing activities</b>	<b>(\$17.7)</b>	<b>\$47.7</b>
Effect of exchange rate changes on cash and cash equivalents	<u>(\$0.1)</u>	<u>\$0.0</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$27.9</b>	<b>(\$4.0)</b>

Note: Actuals may not foot due to rounding



# DEFINITION OF NON-GAAP MEASURES

- **EBITDA:** EBITDA is a non-GAAP measure, that represents operating profit plus depreciation and amortization, stock-based compensation, acquisition deal costs, deferred acquisition consideration adjustments and profit distributions from affiliates.
- **Organic Growth:** Organic revenue growth is a non-GAAP measure that refers to growth in revenues from sources other than acquisitions or foreign exchange impacts.
- **Free Cash Flow:** Free cash flow is a non-GAAP measure that represents EBITDA less net income attributable to noncontrolling interests, less capital expenditures net of landlord reimbursements, less net cash interest (including interest paid and to be paid on the 11% Senior Notes), less cash taxes plus realized cash foreign exchange gains.
- **Total Free Cash Flow:** Total free cash flow is a non-GAAP measure that represents free cash flow plus changes in working capital plus other changes in cash.
- **Net Bank Debt or Net Bank Debt:** Debt due pertaining to the revolving credit facility plus debt pertaining to the Senior Notes less total cash and cash equivalents.

Note: A reconciliation of Non-GAAP to US GAAP reported results has been provided by the Company in the tables included in the earnings release issued on May 2, 2012.

