

# MDC Partners

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## Management Presentation Second Quarter 2020 Results

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August 6, 2020

# FORWARD LOOKING STATEMENTS & 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 below. 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;
- developments involving the proposal by Stagwell Media LP to enter into a business combination with the Company;
- 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, other risk factors described herein, and the additional risk factors outlined in more detail in the Company's 2019 Form 10-K, filed with the Securities and Exchange Commission (the "SEC") on March 5, 2020 and accessible on the SEC's website at [www.sec.gov](http://www.sec.gov), under the caption "Risk Factors," and in the Company's other SEC filings.



# SUMMARY

- Organic Revenue decline of 26.4% in the second quarter and 12.9% YTD driven by lower spending by clients in connection with the COVID-19 pandemic
- Adjusted EBITDA Margin for the second quarter of 2020 was 13.9% vs. 12.8% in prior year, an increase of 110 basis points
- Adjusted EBITDA Margin for the first six months of 2020 was 12.9% vs. 9.8% in prior year, an increase of 310 basis points
- Net new business wins of \$20.5 million in the second quarter and \$28.9 million in the six months ended June 30, 2020



# SECOND QUARTER 2020 FINANCIAL HIGHLIGHTS

- Revenue of \$259.7 million versus \$362.1 million in the prior year period
- Organic revenue decreased by 26.4% versus the prior year period. Organic revenue was unfavorably impacted by 457 basis point from billable pass through costs
- Adjusted EBITDA of \$36.2 million versus \$46.4 million in the prior year period, a decline of 22.1%
- Adjusted EBITDA Margin of 13.9% vs. 12.8% in prior year, an increase of 110 basis points
- Covenant EBITDA (LTM) of \$193.3 million for the second quarter of 2020 versus \$187.9 million as of June 30, 2019, an increase of 2.8%
- Net new business wins of \$20.5 million

# SIX MONTHS 2020 FINANCIAL HIGHLIGHTS

- Revenue of \$587.4 million versus \$690.9 million in the prior year period
- Organic revenue decreased by 12.9% versus the prior year period. Organic revenue was unfavorably impacted by 239 basis point from billable pass through costs
- Adjusted EBITDA of \$75.7 million versus \$67.9 million in the prior year period, an increase of 11.5%
- Adjusted EBITDA Margin of 12.9% vs. 9.8% in prior year, an increase of 310 basis points
- Excluding Kingsdale and Sloane, Adjusted EBITDA increased 17.2% in the first half of 2020 compared with the prior year period.
- Net new business wins of \$28.9 million

# CONSOLIDATED REVENUE AND EARNINGS

(US\$ in millions, except percentages)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
<b>Revenue:</b>	\$ 259.7	\$ 362.1	(28.3) %	\$ 587.4	\$ 690.9	(15.0) %
<b>Operating Expenses:</b>						
Cost of services sold	165.6	240.7	(31.2) %	388.3	477.9	(18.7) %
Office and general expenses	66.2	87.3	(24.1) %	132.6	154.4	(14.1) %
Depreciation and amortization	8.9	10.7	(16.5) %	18.1	19.5	(7.2) %
Impairment and other losses	18.8	—	— %	19.0	—	— %
<b>Operating income</b>	0.1	23.4	(99.6) %	29.4	39.1	(24.8) %
Interest expense and finance charges, net	(15.9)	(16.4)		(31.6)	(33.2)	
Foreign exchange gain (loss)	5.3	2.9		(9.4)	8.4	
Other, net	5.9	(0.7)		22.2	(4.1)	
Income tax expense (benefit)	(7.9)	2.1		5.6	2.8	
Equity in earnings (losses) of non-consolidated affiliates	(0.8)	0.2		(0.8)	0.3	
<b>Net income</b>	2.5	7.3		4.3	7.7	
Net income attributable to the noncontrolling interest	(3.1)	(3.0)		(3.9)	(3.5)	
Accretion on and net income allocated to convertible preference shares	(3.5)	(3.5)		(6.9)	(5.6)	
<b>Net income (loss) attributable to MDC Partners Inc. common shareholders</b>	\$ (4.1)	\$ 0.8		\$ (6.5)	\$ (1.4)	

Note: See appendix for definitions of Non-GAAP Financial Measures

Note: Actuals may not foot due to rounding



# REVENUE SUMMARY

(US\$ in millions, except percentages)

	Three Months Ended		Six Months Ended	
	Revenue \$	% Change	Revenue \$	% Change
<b>June 30, 2019</b>	\$ 362.1		\$ 690.9	
Organic revenue	(95.4)	(26.4) %	(89.0)	(12.9) %
Non-GAAP acquisitions (dispositions), net	(4.1)	(1.1) %	(9.8)	(1.4) %
Foreign exchange impact	(2.9)	(0.8) %	(4.7)	(0.7) %
<b>Total Change</b>	<b>(102.5)</b>	<b>(28.3) %</b>	<b>(103.5)</b>	<b>(15.0) %</b>
<b>June 30, 2020</b>	<b>\$ 259.7</b>		<b>\$ 587.4</b>	

**Organic revenue declined 26.4% in the second quarter of 2020 versus the prior year period.**

Note: Actuals may not foot due to rounding



# REVENUE BY GEOGRAPHY AND SEGMENT <sup>(1)</sup>

(US\$ in millions, except percentages)

	2019									2020					
	Q2			Q3			Q4			Q1			Q2		
	Total Revenue	Total Growth	Organic Revenue Growth (Decline)	Total Revenue	Total Growth	Organic Revenue Growth (Decline)	Total Revenue	Total Growth	Organic Revenue Growth (Decline)	Total Revenue	Total Growth	Organic Revenue Growth (Decline)	Total Revenue	Total Growth	Organic Revenue Growth (Decline)
United States	\$ 284.7	(3.6)%	(3.8)%	\$ 271.7	(8.4)%	(8.5)%	\$ 296.7	(2.7)%	(2.6)%	\$ 264.6	0.6 %	1.3 %	\$ 210.3	(26.1)%	(24.7)%
Canada	24.6	(25.8)%	(5.6)%	25.9	(19.4)%	(7.0)%	32.2	(0.5)%	12.6 %	18.3	18.4 %	(1.7)%	16.6	(32.4)%	(28.9)%
<i>North America</i>	309.2	(5.8)%	(3.9)%	297.6	(9.5)%	(8.3)%	328.9	(2.5)%	(1.2)%	282.9	0.9 %	1.1 %	227.0	(26.6)%	(25.0)%
Other	52.9	3.0 %	7.3 %	45.3	(3.8)%	(1.5)%	53.0	(5.9)%	(3.6)%	44.9	3.5 %	7.6 %	32.7	(38.1)%	(34.2)%
<b>Total</b>	<b>\$ 362.1</b>	<b>(4.6)%</b>	<b>(2.4)%</b>	<b>\$ 342.9</b>	<b>(8.8)%</b>	<b>(7.5)%</b>	<b>\$ 382.0</b>	<b>(3.0)%</b>	<b>(1.5)%</b>	<b>\$ 327.7</b>	<b>(0.3)%</b>	<b>2.0 %</b>	<b>\$ 259.7</b>	<b>(28.3)%</b>	<b>(26.4)%</b>
Integrated Networks - Group A	\$ 103.2	7.2 %	8.2 %	\$ 99.3	(2.0)%	(1.4)%	\$ 115.8	3.4 %	3.5 %	\$ 90.6	22.9 %	23.4 %	\$ 82.7	(19.9)%	(19.2)%
Integrated Networks - Group B	133.4	(10.3)%	(9.9)%	129.1	(11.3)%	(10.8)%	136.1	(3.5)%	(3.1)%	117.7	(11.6)%	(11.0)%	93.4	(30.0)%	(29.0)%
Media & Data Network	39.5	(9.2)%	(8.3)%	36.2	(21.0)%	(20.6)%	42.5	(12.5)%	(12.6)%	41.1	(5.0)%	(4.5)%	28.6	(27.6)%	(26.7)%
All Other	86.0	(5.8)%	1.4 %	78.3	(5.8)%	(1.9)%	87.5	(4.8)%	0.8 %	78.4	(0.4)%	7.3 %	55.0	(36.1)%	(30.7)%
<b>Total</b>	<b>\$ 362.1</b>	<b>(4.6)%</b>	<b>(2.4)%</b>	<b>\$ 342.9</b>	<b>(8.8)%</b>	<b>(7.5)%</b>	<b>\$ 382.0</b>	<b>(3.0)%</b>	<b>(1.5)%</b>	<b>\$ 327.7</b>	<b>(0.3)%</b>	<b>2.0 %</b>	<b>\$ 259.7</b>	<b>(28.3)%</b>	<b>(26.4)%</b>

<sup>1</sup> Effective in the first quarter of 2020, the Company reorganized its management structure resulting in the aggregation of certain Partner Firms into integrated groups ("Networks"). In connection with the reorganization, we reassessed our reportable segments to align our external reporting with how we operate the Networks under our new organizational structure. Prior periods presented have been recast to reflect the change in reportable segments.

Note: Actuals may not foot due to rounding





# REVENUE BY GEOGRAPHY AND SEGMENT <sup>(1)</sup>

(US\$ in millions, except percentages)

	Six Months Ended June 30,					
	2019			2020		
	Total Revenue	Total Growth	Organic Revenue Growth (Decline)	Total Revenue	Total Growth	Organic Revenue Growth (Decline)
United States	\$ 547.7	(0.7)%	(2.8)%	\$ 474.9	(13.3)%	(12.2)%
Canada	<u>46.9</u>	<u>(21.1)%</u>	<u>(4.8)%</u>	<u>34.9</u>	<u>(25.7)%</u>	<u>(16.0)%</u>
<i>North America</i>	594.6	(2.7)%	(3.0)%	509.8	(14.3)%	(12.5)%
Other	96.3	0.9 %	6.4 %	77.7	(19.4)%	(15.4)%
<b>Total</b>	<b>\$ 690.9</b>	<b>(2.2)%</b>	<b>(1.7)%</b>	<b>\$ 587.4</b>	<b>(15.0)%</b>	<b>(12.9)%</b>
Integrated Networks - Group A	\$ 177.0	(2.4)%	(1.6)%	\$ 173.4	(2.1)%	(1.5)%
Integrated Networks - Group B	266.6	0.6 %	(2.5)%	211.1	(20.8)%	(20.0)%
Media & Data Network	82.7	(6.9)%	(5.8)%	69.6	(15.8)%	(15.1)%
All Other	<u>164.7</u>	<u>(4.0)%</u>	<u>1.5 %</u>	<u>133.4</u>	<u>(19.0)%</u>	<u>(12.5)%</u>
<b>Total</b>	<b>\$ 690.9</b>	<b>(2.2)%</b>	<b>(1.7)%</b>	<b>\$ 587.4</b>	<b>(15.0)%</b>	<b>(12.9)%</b>

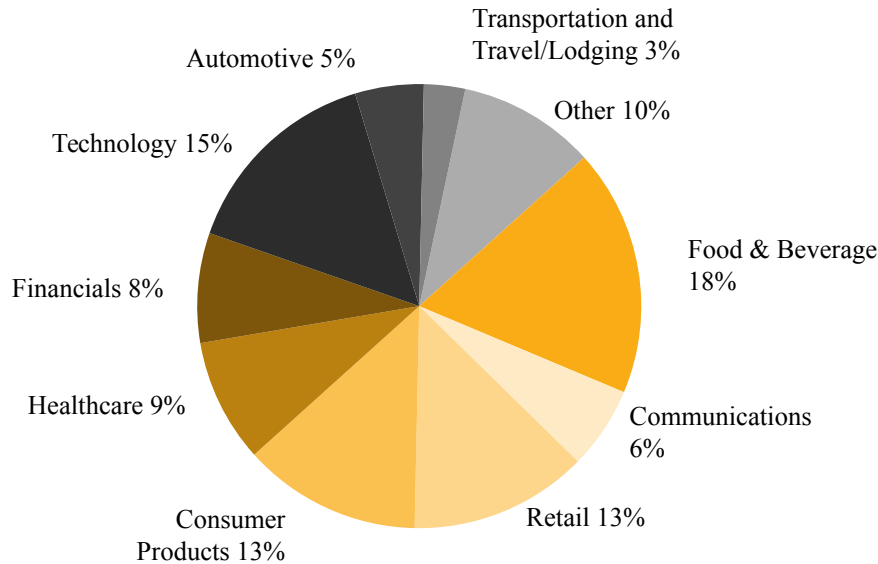
<sup>1</sup> Effective in the first quarter of 2020, the Company reorganized its management structure resulting in the aggregation of certain Partner Firms into integrated groups ("Networks"). In connection with the reorganization, we reassessed our reportable segments to align our external reporting with how we operate the Networks under our new organizational structure. Prior periods presented have been recast to reflect the change in reportable segments.

Note: Actuals may not foot due to rounding



# REVENUE BY CLIENT INDUSTRY

**Q2 2020 Mix**



**Year-over-Year Growth by Category**

	Q2 2020 QTD	Q2 2020 YTD
0% to 10%	-	Automotive
Below 0%	Retail, Consumer Products, Automotive, Technology, Transportation and Travel/Lodging, Healthcare, Financials, Communications, Food and Beverage, Other	Food and Beverage, Retail, Technology, Consumer Products, Communications, Healthcare, Financials, Transportation, Other

**Top 10 clients decreased to 22% of revenue versus 24% a year ago (largest <3.6%)**



# ADJUSTED EBITDA <sup>(1)</sup>

(US\$ in millions, except percentages)

	2019			2020		% Change
	Q2	Q3	Q4	Q1	Q2	Q2 2020 vs. Q2 2019
Integrated Networks - Group A	18.2	24.0	31.7	16.3	17.2	(5.5) %
Integrated Networks - Group B	24.8	22.0	19.5	17.1	16.4	(33.9) %
Media & Data Network	1.0	1.4	5.4	1.8	0.9	(10.0) %
All Other	10.9	9.2	10.7	9.9	6.9	(36.7) %
Corporate	(8.6)	(7.3)	(10.1)	(5.6)	(5.2)	(39.5) %
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>\$ 46.4</b>	<b>\$ 49.2</b>	<b>\$ 57.0</b>	<b>\$ 39.6</b>	<b>\$ 36.2</b>	<b>(22.1) %</b>
<i>Adjusted EBITDA margin</i>	<i>12.8%</i>	<i>14.3%</i>	<i>14.9%</i>	<i>12.1%</i>	<i>13.9%</i>	

<sup>1</sup> Effective in the first quarter of 2020, the Company reorganized its management structure resulting in the aggregation of certain Partner Firms into integrated groups (“Networks”). In connection with the reorganization, we reassessed our reportable segments to align our external reporting with how we operate the Networks under our new organizational structure. Prior periods presented have been recast to reflect the change in reportable segments.

<sup>2</sup> Adjusted EBITDA is a non-GAAP financial measure. See appendix for the definition.

Note: Actuals may not foot due to rounding.



# ADJUSTED EBITDA <sup>(1)</sup>

(US\$ in millions, except percentages)

	Six Months Ended June 30,		
	2020	2019	% Change
Integrated Networks - Group A	\$ 33.5	\$ 19.2	74.9 %
Integrated Networks - Group B	33.5	43.1	(22.3) %
Media & Data Network	2.7	1.0	NM %
All Other	16.8	17.7	(5.3) %
Corporate	(10.8)	(13.1)	(18.1) %
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>\$ 75.7</b>	<b>\$ 67.9</b>	<b>11.5 %</b>
<i>Adjusted EBITDA margin</i>	<i>12.9%</i>	<i>9.8%</i>	

<sup>1</sup> Effective in the first quarter of 2020, the Company reorganized its management structure resulting in the aggregation of certain Partner Firms into integrated groups (“Networks”). In connection with the reorganization, we reassessed our reportable segments to align our external reporting with how we operate the Networks under our new organizational structure. Prior periods presented have been recast to reflect the change in reportable segments.

<sup>2</sup> Adjusted EBITDA is a non-GAAP financial measure. See appendix for the definition.

Note: Actuals may not foot due to rounding.



# COVENANT EBITDA

(US\$ in millions)	2019			2020		Covenant EBITDA (LTM) <sup>(1)</sup>	
	Q2	Q3	Q4	Q1	Q2	Q1-2020-LTM	Q2-2020-LTM
Net income (loss) attributable to MDC Partners Inc. common shareholders	\$ 0.8	\$ (5.1)	\$ (10.5)	\$ (2.4)	\$ (4.1)	\$ (17.2)	\$ (22.1)
Adjustments to reconcile to operating income:							
Accretion on and net income allocated to convertible preference shares	3.5	3.3	3.4	3.4	3.5	13.6	13.6
Net income attributable to the noncontrolling interests	3.0	7.3	5.4	0.8	3.1	16.5	16.6
Equity in losses (earnings) of non-consolidated affiliates	(0.2)	(0.1)	—	—	0.8	(0.3)	0.7
Income tax expense (benefit)	2.1	3.5	4.2	13.5	(7.9)	23.3	13.3
Interest expense and finance charges, net	16.4	16.1	15.7	15.6	15.9	63.8	63.3
Foreign exchange loss (gain)	(2.9)	4.0	(4.3)	14.8	(5.3)	11.4	9.0
Other, net	0.7	0.4	(2.2)	(16.3)	(5.9)	(17.3)	(23.9)
Operating income	\$ 23.4	\$ 29.4	\$ 11.7	\$ 29.3	\$ 0.1	\$ 93.9	\$ 70.5
Adjustments to reconcile to Adjusted EBITDA:							
Depreciation and amortization	\$ 10.7	\$ 9.4	\$ 9.5	\$ 9.2	\$ 8.9	\$ 38.7	\$ 36.9
Impairment and other losses	—	1.9	5.9	0.2	18.8	8.0	26.8
Stock-based compensation	3.6	6.0	18.4	3.1	1.0	31.1	28.5
Deferred acquisition consideration adjustments	2.1	1.9	9.0	(4.6)	2.3	8.4	8.7
Distributions from non-consolidated affiliates	—	(0.2)	2.2	—	1.1	2.0	3.1
Other items, net <sup>(2)</sup>	6.6	0.7	0.3	2.4	3.9	10.1	7.4
Adjusted EBITDA	\$ 46.4	\$ 49.2	\$ 57.0	\$ 39.6	\$ 36.2	\$ 192.2	\$ 182.0
Adjustments to reconcile to Covenant EBITDA:							
Proforma dispositions <sup>(3)</sup>	\$ (0.7)	\$ (1.0)	\$ (1.3)	\$ (0.1)	\$ —	\$ (3.1)	\$ (2.4)
Severance due to eliminated positions	2.3	2.0	3.2	2.1	5.2	9.7	12.5
Other adjustments, net <sup>(4)</sup>	1.0	0.2	0.4	0.4	0.2	1.9	1.2
	<b>\$ 49.0</b>	<b>\$ 50.4</b>	<b>\$ 59.3</b>	<b>\$ 41.9</b>	<b>\$ 41.6</b>	<b>\$ 200.7</b>	<b>\$ 193.3</b>

<sup>(1)</sup> Covenant EBITDA is a measure that includes pro forma adjustments for acquisitions, one-time charges, permitted dispositions and other adjustments, as defined in the Company's Credit Agreement. Covenant EBITDA is calculated as the aggregate of operating results for the rolling last twelve months (LTM). Each quarter is presented to provide the information utilized to calculate Covenant EBITDA. Historical Covenant EBITDA may be recasted in the current period for any proforma adjustments related to acquisitions and/or dispositions in the current period. See "Non-GAAP Financial Measures" herein.

<sup>(2)</sup> Other items, net includes items such as severance expense, other restructuring expenses and costs associated with the Company's strategic review process.

<sup>(3)</sup> Represents Kingsdale and Sloane EBITDA for the respective period.

<sup>(4)</sup> Other adjustments, net primarily includes one-time professional fees and costs associated with real estate consolidation.

Note: Actuals may not foot due to rounding.



# SUMMARY OF CASH FLOW

(US\$ in millions)

	<b>Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Net cash used in operating activities	\$ (33.7)	\$ (40.2)
Net cash provided by investing activities	14.6	9.8
Net cash provided by (used in) financing activities	(1.4)	25.7
Effect of exchange rate changes on cash, cash equivalents, and cash held in trusts	(1.0)	—
Net decrease in cash, cash equivalents, and cash held in trusts including cash classified within assets held for sale	(21.5)	(4.7)
Change in cash and cash equivalents held in trusts classified within held for sale	—	(3.3)
Change in cash and cash equivalents classified within assets held for sale	—	4.4
Net decrease in cash and cash equivalents	(21.5)	(3.6)
Cash and cash equivalents at beginning of period	106.9	30.9
Cash and cash equivalents at end of period	<u>\$ 85.5</u>	<u>\$ 27.3</u>
Supplemental disclosures:		
Cash income taxes paid	\$ 2.6	\$ 3.5
Cash interest paid	\$ 28.7	\$ 31.6

Note: Actuals may not foot due to rounding.



## 2020 FINANCIAL OUTLOOK

- Given the uncertainties in the global business environment arising from the COVID-19 pandemic, the Company is not providing a 2020 outlook for Revenue and Covenant EBITDA at this time.



# APPENDIX



# REVENUE TRENDING SCHEDULE

(US\$ in thousands, except percentages)

	2019					2020		
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	YTD
<b>Revenue</b>								
United States	\$ 263,017	\$ 284,659	\$ 271,671	\$ 296,698	\$ 1,116,045	\$ 264,561	\$ 210,342	\$ 474,903
Canada	<u>22,378</u>	<u>24,564</u>	<u>25,895</u>	<u>32,230</u>	<u>105,067</u>	<u>18,256</u>	<u>16,609</u>	<u>34,865</u>
North America	285,395	309,223	297,566	328,928	1,221,112	282,817	226,951	509,768
Other	43,396	52,907	45,341	53,047	194,691	44,925	32,727	77,652
<b>Total</b>	<b>\$ 328,791</b>	<b>\$ 362,130</b>	<b>\$ 342,907</b>	<b>\$ 381,975</b>	<b>\$ 1,415,803</b>	<b>\$ 327,742</b>	<b>\$ 259,678</b>	<b>\$ 587,420</b>
<b>% of Revenue</b>								
United States	80.0 %	78.6 %	79.2 %	77.7 %	78.8 %	80.7 %	81.0 %	80.9 %
Canada	<u>6.8 %</u>	<u>6.8 %</u>	<u>7.6 %</u>	<u>8.4 %</u>	<u>7.4 %</u>	<u>5.6 %</u>	<u>6.4 %</u>	<u>5.9 %</u>
North America	86.8 %	85.4 %	86.8 %	86.1 %	86.2 %	86.3 %	87.4 %	86.8 %
Other	13.2 %	14.6 %	13.2 %	13.9 %	13.8 %	13.7 %	12.6 %	13.2 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
<b>Total Growth %</b>								
United States	2.5 %	(3.6)%	(8.4)%	(2.7)%	(3.2)%	0.6 %	(26.1)%	(13.3)%
Canada	(15.2)%	(25.8)%	(19.4)%	(0.5)%	(15.3)%	(18.4)%	(32.4)%	(25.7)%
North America	0.9 %	(5.8)%	(9.5)%	(2.5)%	(4.4)%	(0.9)%	(26.6)%	(14.3)%
Other	(1.5)%	3.0 %	(3.8)%	(5.9)%	(2.2)%	3.5 %	(38.1)%	(19.4)%
<b>Total</b>	<b>0.6 %</b>	<b>(4.6)%</b>	<b>(8.8)%</b>	<b>(3.0)%</b>	<b>(4.1)%</b>	<b>(0.3)%</b>	<b>(28.3)%</b>	<b>(15.0)%</b>
<b>Organic Revenue Growth (Decline) %</b>								
United States	(1.7)%	(3.8)%	(8.5)%	(2.6)%	(4.2)%	1.3 %	(24.7)%	(12.2)%
Canada	<u>(3.8)%</u>	<u>(5.6)%</u>	<u>(7.0)%</u>	<u>12.6 %</u>	<u>(0.9)%</u>	<u>(1.7)%</u>	<u>(28.9)%</u>	<u>(16.0)%</u>
North America	(1.9)%	(3.9)%	(8.3)%	(1.2)%	(3.9)%	1.1 %	(25.0)%	(12.5)%
Other	5.4 %	7.3 %	(1.5)%	(3.6)%	1.7 %	7.6 %	(34.2)%	(15.4)%
<b>Total</b>	<b>(0.9)%</b>	<b>(2.4)%</b>	<b>(7.5)%</b>	<b>(1.5)%</b>	<b>(3.1)%</b>	<b>2.0 %</b>	<b>(26.4)%</b>	<b>(12.9)%</b>
<b>Growth % from Foreign Exchange</b>								
United States	0.0 %	0.0 %	0.0 %	(0.0)%	(0.0)%	0.0 %	(0.0)%	0.0 %
Canada	<u>(4.7)%</u>	<u>(3.4)%</u>	<u>(1.1)%</u>	<u>1.0 %</u>	<u>(1.9)%</u>	<u>(0.1)%</u>	<u>(3.4)%</u>	<u>(1.9)%</u>
North America	(0.4)%	(0.3)%	(0.1)%	0.1 %	(0.2)%	— %	(0.3)%	(0.1)%
Other	(8.8)%	(5.9)%	(4.3)%	(2.4)%	(5.2)%	(4.1)%	(3.9)%	(4.0)%
<b>Total</b>	<b>(1.6)%</b>	<b>(1.1)%</b>	<b>(0.6)%</b>	<b>(0.3)%</b>	<b>(0.9)%</b>	<b>(0.5)%</b>	<b>(0.8)%</b>	<b>(0.7)%</b>
<b>Growth % from Acquisitions (Dispositions), net</b>								
United States	4.2 %	0.2 %	0.1 %	(0.1)%	1.0 %	(0.8)%	(1.4)%	(1.1)%
Canada	<u>(6.6)%</u>	<u>(16.8)%</u>	<u>(11.3)%</u>	<u>(14.1)%</u>	<u>(12.5)%</u>	<u>(16.6)%</u>	<u>0.0 %</u>	<u>(7.9)%</u>
North America	3.2 %	(1.5)%	(1.0)%	(1.4)%	(0.3)%	(2.0)%	(1.3)%	(1.6)%
Other	1.9 %	1.6 %	1.9 %	0.0 %	1.3 %	0.0 %	0.0 %	0.0 %
<b>Total</b>	<b>3.0 %</b>	<b>(1.1)%</b>	<b>(0.6)%</b>	<b>(1.2)%</b>	<b>(0.1)%</b>	<b>(1.7)%</b>	<b>(1.1)%</b>	<b>(1.4)%</b>

Note: See appendix for definitions of Non-GAAP Financial Measures

Note: Actuals may not foot due to rounding



# ADJUSTED EBITDA TRENDING SCHEDULE

(US\$ in thousands)

	2019					2020		
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	YTD
<b>PARTNER FIRMS</b>								
Revenue	\$ 328,791	\$ 362,130	\$ 342,907	\$ 381,975	\$ 1,415,803	\$ 327,742	\$ 259,678	\$ 587,420
Operating income	20,504	40,073	38,532	26,899	126,008	37,667	11,921	49,588
Depreciation and amortization	8,621	10,442	9,176	9,222	37,461	8,974	8,663	17,637
Impairment and other losses	—	—	1,944	5,028	6,972	161	17,710	17,871
Stock-based compensation	4,545	2,442	5,193	16,980	29,160	2,928	763	3,691
Deferred acquisition consideration adjustments	(7,643)	2,073	1,943	9,030	5,403	(4,600)	2,312	(2,288)
Distributions from non-consolidated affiliates	—	—	(250)	—	(250)	—	—	—
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$ 26,027</b>	<b>\$ 55,030</b>	<b>\$ 56,538</b>	<b>\$ 67,159</b>	<b>\$ 204,754</b>	<b>\$ 45,130</b>	<b>\$ 41,369</b>	<b>\$ 86,499</b>
<b>CORPORATE GROUP</b>								
Revenue	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Operating loss	(4,823)	(16,631)	(9,111)	(15,203)	(45,768)	(8,338)	(11,823)	(20,161)
Depreciation and amortization	217	221	192	238	868	232	236	468
Impairment and other losses	—	—	—	847	847	—	1,129	1,129
Stock-based compensation	(1,573)	1,192	833	1,428	1,880	142	276	418
Distributions from non-consolidated affiliates	—	31	48	2,219	2,298	(14)	1,079	1,065
Other items, net	1,626	6,594	705	349	9,274	2,416	3,895	6,311
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$ (4,553)</b>	<b>\$ (8,593)</b>	<b>\$ (7,333)</b>	<b>\$ (10,122)</b>	<b>\$ (30,601)</b>	<b>\$ (5,562)</b>	<b>\$ (5,208)</b>	<b>\$ (10,770)</b>
<b>TOTAL</b>								
Revenue	\$ 328,791	\$ 362,130	\$ 342,907	\$ 381,975	\$ 1,415,803	\$ 327,742	\$ 259,678	\$ 587,420
Operating income	15,681	23,442	29,421	11,696	80,240	29,329	98	29,427
Depreciation and amortization	8,838	10,663	9,368	9,460	38,329	9,206	8,899	18,105
Impairment and other losses	—	—	1,944	5,875	7,819	161	18,839	19,000
Stock-based compensation	2,972	3,634	6,026	18,408	31,040	3,070	1,039	4,109
Deferred acquisition consideration adjustments	(7,643)	2,073	1,943	9,030	5,403	(4,600)	2,312	(2,288)
Distributions from non-consolidated affiliates	—	31	(202)	2,219	2,048	(14)	1,079	1,065
Other items, net	1,626	6,594	705	349	9,274	2,416	3,895	6,311
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$ 21,474</b>	<b>\$ 46,437</b>	<b>\$ 49,205</b>	<b>\$ 57,037</b>	<b>\$ 174,153</b>	<b>\$ 39,568</b>	<b>\$ 36,161</b>	<b>\$ 75,729</b>

<sup>(1)</sup> Adjusted EBITDA is a non-GAAP financial measure. See appendix for the definition.

Note: Actuals may not foot due to rounding



# RECONCILIATIONS

(US\$ in thousands)

	2019					2020		
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	YTD
<b>NON-GAAP ACQUISITIONS (DISPOSITIONS), NET</b>								
GAAP revenue from current year acquisitions	\$ —	\$ 698	\$ 1,347	\$ 1,396	\$ 3,441	\$ —	\$ —	\$ —
GAAP revenue from prior year acquisitions <sup>(1)</sup>	15,685	1,519	1,109	291	18,604	—	—	—
Foreign exchange impact	—	—	470	(246)	224	(248)	—	(248)
Contribution to organic revenue <sup>(2)</sup>	(4,008)	(440)	(2,185)	(1,694)	(8,327)	(411)	—	(411)
Prior year revenue from dispositions <sup>(3)</sup>	(1,825)	(5,995)	(3,178)	(4,505)	(15,503)	(5,024)	(4,106)	(9,130)
<b>Non-GAAP acquisitions (dispositions), net</b>	<b>\$ 9,852</b>	<b>\$ (4,218)</b>	<b>\$ (2,437)</b>	<b>\$ (4,758)</b>	<b>\$ (1,561)</b>	<b>\$ (5,683)</b>	<b>\$ (4,106)</b>	<b>\$ (9,789)</b>
<b>OTHER ITEMS, NET</b>								
Severance and other restructuring expenses	\$ —	\$ 6,703	\$ 705	\$ —	\$ 7,408	\$ 1,334	\$ 2,969	\$ 4,303
Strategic review process costs	1,626	(109)	—	349	1,866	1,082	926	2,008
<b>Total other items, net</b>	<b>\$ 1,626</b>	<b>\$ 6,594</b>	<b>\$ 705</b>	<b>\$ 349</b>	<b>\$ 9,274</b>	<b>\$ 2,416</b>	<b>\$ 3,895</b>	<b>\$ 6,311</b>
<b>CASH INTEREST, NET &amp; OTHER</b>								
Cash interest paid	\$ (1,629)	\$ (30,014)	\$ (882)	\$ (29,698)	\$ (62,223)	\$ (145)	\$ (28,591)	\$ (28,736)
Bond interest accrual adjustment	(14,625)	14,625	(14,625)	14,625	—	(14,625)	13,894	(731)
Adjusted cash interest paid	(16,254)	(15,389)	(15,507)	(15,073)	(62,223)	(14,770)	(14,697)	(29,467)
Interest income	149	138	165	162	614	114	190	304
<b>Total cash interest, net &amp; other</b>	<b>\$ (16,105)</b>	<b>\$ (15,251)</b>	<b>\$ (15,342)</b>	<b>\$ (14,911)</b>	<b>\$ (61,609)</b>	<b>\$ (14,656)</b>	<b>\$ (14,507)</b>	<b>\$ (29,163)</b>
<b>CAPITAL EXPENDITURES, NET</b>								
<b>Capital expenditures</b>	<b>\$ (3,606)</b>	<b>\$ (4,317)</b>	<b>\$ (5,863)</b>	<b>\$ (4,810)</b>	<b>\$ (18,596)</b>	<b>\$ (1,546)</b>	<b>\$ (2,144)</b>	<b>\$ (3,690)</b>
<b>MISCELLANEOUS OTHER DISCLOSURES</b>								
Net income attributable to the noncontrolling interests	\$ 429	\$ 3,043	\$ 7,265	\$ 5,419	\$ 16,156	\$ 791	\$ 3,101	\$ 3,892
Cash taxes	\$ 1,677	\$ 1,817	\$ 137	\$ (1,335)	\$ 2,296	\$ 849	\$ 1,717	\$ 2,566

<sup>(1)</sup> GAAP revenue from prior year acquisitions for 2020 and 2019 relates to acquisitions which occurred in 2019 and 2018, respectively.

<sup>(2)</sup> Contributions to organic revenue represents the change in revenue, measured on a constant currency basis, relative to the comparable pre-acquisition period for acquired businesses that is included in the Company's organic revenue growth (decline) calculation.

<sup>(3)</sup> Prior year revenue from dispositions reflects the incremental impact on revenue for the comparable period after the Company's disposition of such disposed business, plus revenue from each business disposed of by the Company in the previous year through the twelve month anniversary of the disposition.

Note: Actuals may not foot due to rounding.



# AVAILABLE LIQUIDITY<sup>1</sup>

(US\$ in millions)

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Commitment Under Facility	\$ 211.5	\$ 250.0
Drawn	62.5	—
Undrawn Letters of Credit	<u>18.6</u>	<u>4.8</u>
<b>Undrawn Commitments Under Facility<sup>(1)</sup></b>	<b>\$ 130.4</b>	<b>\$ 245.2</b>
Total Cash & Cash Equivalents	<u>85.5</u>	<u>106.9</u>
<b>Liquidity</b>	<b>\$ 215.9</b>	<b>\$ 352.1</b>

<sup>1</sup> Subject to available borrowings under the Credit Facility.  
Note: Actuals may not foot due to rounding

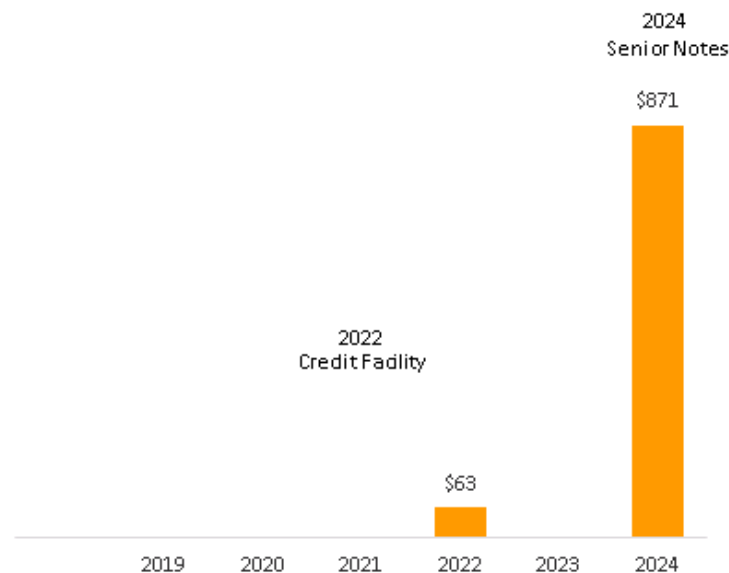
# CURRENT CREDIT PICTURE

## \$211.5 million Credit Facility Covenants <sup>(1)</sup>

## Current Debt Maturity Profile <sup>(5)</sup>

(US\$ in millions)

		<u>June 30, 2020</u>
<b>Covenants</b>		
I.	Total Senior Leverage	0.10
	Maximum per covenant	2.00
II.	Total Leverage Ratio	4.60
	Maximum per covenant	6.25
III.	Fixed Charges Ratio	2.94
	Minimum per covenant	1.00
IV.	Covenant EBITDA <sup>(2)</sup>	\$193.3
	Minimum per covenant	\$120.0
<b>Debt Calculation</b>		
	Total Senior Leverage, net <sup>(3)</sup>	\$19.2
	Net Debt <sup>(4)</sup>	\$889.8



<sup>1</sup> These ratios and measures are not based on generally accepted accounting principles and are not presented as alternatives measures of operating performance or liquidity. Some of these ratios and measures include, among other things, pro forma adjustments for acquisitions, one-time charges, and other items, as defined in the Credit Agreement. They are presented here to demonstrate compliance with the covenants in the Credit Agreement, as non-compliance with such covenants could have a material adverse effect on the Company.

<sup>2</sup> Covenant EBITDA is a measure that includes pro forma adjustments for acquisitions, one-time charges, and other items, as defined in the Credit Agreement.

<sup>3</sup> Total Senior Leverage is a measure that includes borrowings under the Credit Agreement, outstanding letters of credit, less cash held in depository accounts, as defined in the Credit Agreement

<sup>4</sup> Net Debt is a measure that includes borrowings under the Credit Agreement, the Senior Notes, other outstanding debt and letters of credit, less cash held in depository accounts, as defined in the Credit Agreement. Net Debt does not include Deferred Acquisition Consideration with the exception of certain fixed components (\$0.3 million as of June 30, 2020), and it does not include minority interest.

<sup>5</sup> Based on borrowings as of June 30, 2020. Excludes letters of credit, and Deferred Acquisition Consideration.

Note: Actuals may not foot due to rounding



# DEFINITION OF **NON-GAAP** FINANCIAL MEASURES

In addition to its reported results, MDC Partners has included in its earnings release and supplemental management presentation certain financial results that the Securities and Exchange Commission 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:

**Organic Revenue:** 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 which 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 acquisitions 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 dispositions as if they had been disposed of during the equivalent period in the prior year.

**Net New Business:** Estimate of annualized revenue for new wins less annualized revenue for losses incurred in the period.

**Adjusted EBITDA:** Adjusted EBITDA is a non-GAAP financial measure that represents Net income (loss) attributable to MDC Partners Inc. common shareholders plus or minus adjustments to operating income (loss) plus depreciation and amortization, stock-based compensation, deferred acquisition consideration adjustments, distributions from non-consolidated affiliates, and other items, net which includes items such as severance expense and other restructuring expenses, including costs for leases that will either be terminated or sublet in connection with the centralization of our New York real estate portfolio.

**Covenant EBITDA:** Covenant EBITDA is a measure that includes pro forma adjustments for acquisitions, one-time charges, permitted dispositions and other items, as defined in the Credit Agreement. We believe that the presentation of Covenant EBITDA is useful to investors as it eliminates the effect of certain non-cash and other items not necessarily indicative of a company's underlying operating performance. In addition, the presentation of Covenant EBITDA provides additional information to investors about the calculation of, and compliance with, certain financial covenants in the Credit Agreement.

Included in the Company's earnings release and supplemental management presentation are tables reconciling MDC Partners' reported results to arrive at certain of these non-GAAP financial measures.

# MDC Partners

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## **MDC Partners Innovation Center**

330 Hudson St. 10th Floor  
New York, NY 10013  
646-429-1800

[www.mdc-partners.com](http://www.mdc-partners.com)

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