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MDC PARTNERS INC
Form 6-K
March 09, 2004

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of, February 2004
Commission File Number 001-13718

MDC PARTNERS INC.

(Translation of registrant's name into English)

45 Hazelton Avenue, Toronto, Ontario, Canada, M5R 2E3

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40F.

Form 20-F Form 40-F X

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information
contained in this Form, the registrant is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under the Securities
Exchange Act of 1934.

Yes No X

If "Yes" is marked, indicate below the file number assigned to the
registrant in connection with Rule 12g3-2(b): 82-

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This press release contains forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve risks and uncertainties which may cause the actual results or objectives to be materially different from those expressed or implied by such forward-looking statements. Such factors include, among other things, the Company's financial performance; changes in the competitive environment; adverse changes in the economy; ability to maintain long-term relationships with customers; financing requirements and other factors set forth in the Company's Form 40-F for its fiscal year ended December 31, 2002 and subsequent SEC filings.

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[MDC PARTNERS LOGO]

PRESS RELEASE

FOR IMMEDIATE RELEASE

FOR: MDC Partners Inc.
45 Hazelton Avenue
Toronto, Ontario M5R 2E3

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TSE Stock Symbol: MDZ.A
NASDAQ Stock Symbol: MDCA
Website: www.mdc-partners.com

MDC PARTNERS INC. ANNOUNCES INCREASE IN FINANCIAL GUIDANCE FOR FISCAL 2004

INCREASES EBITDA EXPECTATION OF CORE MARKETING SERVICES BUSINESS FROM
US\$28.5 MILLION TO US\$35.0 MILLION

TORONTO, Ontario (February 11, 2004) MDC Partners Inc. ("MDC") of Toronto announced today that it has increased its EBITDA guidance on its core marketing services business from US\$28.5 million to US\$35.0 million after participation of minority partners for the year ended December 31, 2004. MDC is further increasing guidance on revenues from that business for fiscal 2004 to US\$280 million from US\$212 million.

"The increase in guidance is a reflection of the strong organic growth in our business from recent client wins coupled with the acquisition of a 60% interest in kirshenbaum bond + partners. We are enthusiastic about the recent new business wins and our momentum. This momentum, coupled with our lower operating cost base, is anticipated to enhance profitability going forward," said Miles S. Nadal, Chairman and CEO of MDC.

About MDC Partners Inc.

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compared to US\$0.94 achieved in 2002. The inclusion in the 2002 results of divested operations (Davis + Henderson, Custom Direct, Spectron Security Print and Questa) together with the increased focus on Marketing Communications makes the periods' results less comparable.

"This was a wonderful year of accomplishment for MDC. We completed the sale of our 100% interest in Custom Direct which significantly strengthened the balance sheet and allowed for investment spending in our remaining operations. We successfully completed the privatization of Maxxcom Inc., which was fundamental to our strategy of significantly expanding in the marketing communications sector. We believe this focus has paid great dividends for our shareholders, and combined with our recent new business wins and acquisition initiatives, we anticipate this momentum will continue in 2004 and beyond," said Miles S. Nadal, Chairman, President & CEO of MDC.

For the fourth quarter, consolidated revenues were US\$75.8 million, a decline of US\$12.0 million compared with the US\$87.8 million reported for 2002. Excluding Custom Direct, revenues increased by US\$14.4. Operating income before other charges, at US\$10.8 million, declined US\$3.4 million or 24% compared to the US\$14.2 million achieved during the same quarter of 2002. Excluding divested operations, operating income for the period was US\$10.3 million, up 5% from the US\$9.9 million achieved in the fourth quarter of 2002. Net income for the three months ended December 31, 2003 was

US\$4.3 million compared to US\$1.6 million for 2002. Diluted earnings per share for the quarter was US\$0.19 compared to US\$0.07 in 2002.

During 2003, MDC adopted the U.S. dollar as its reporting currency in order to reflect the U.S. nature of the Company's business and shareholder base. In addition, MDC modified its financial statement presentation to improve investors' ability to compare the Company's results with those of other publicly traded businesses in the marketing communications industry.

Marketing Communications reported revenues of US\$55.2 million for the fourth quarter of 2003, an increase of US\$8.3 million or 18% compared to the fourth quarter of 2002. Operating income before other charges increased 14% to US\$9.3 million for the quarter compared to the US\$8.2 million achieved in the same quarter in the previous year. Operating margins were 16.8% for the fourth quarter of 2003. Revenues for Marketing Communications for the year ended December 31, 2003 increased 13% to US\$193.6 million compared to the US\$171.7 million reported in the prior year. Operating income increased 32% to US\$28.6 million from US\$21.7 million. The revenue and operating income growth was 100% organic.

"The organic growth we experienced in our businesses was exceptional. We are of the view that the marketing communications industry is going through a major change. Clients are no longer satisfied with institutionalized mediocrity. While advertising spending is improving, clients are making change to providers who can deliver exceptional creativity and results. With our entrepreneurial partnership model and a demonstrated ability to attract the best talent, we are taking advantage of this opportunity," said Mr. Nadal.

"Marketing Communications continued to attract new clients throughout the fourth quarter, including Sprint PCS, State Farm Insurance and a credit card acquisition program of Chase. Net new business wins for the quarter resulted in revenues of approximately US\$25 million. Our operations remain focused on the generation of new business while maintaining a cost-effective structure," said Mr. Nadal.

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Subsequent to year end, MDC's affiliate Crispin Porter + Bogusky was made lead creative agency by Burger King. "This win was a seminal event in the evolution of MDC Partners. It confirms the beliefs and values that we operate by are working and will continue to drive new business wins and greater market share," added Mr. Nadal.

In addition, during the first quarter of 2004, the Company announced the 60% acquisition of kirshenbaum bond + partners ("KBP"). KBP is one of North America's preeminent independent agencies with revenues approaching US\$50 million, billings of over US\$525 million, and more than 200 employees with offices in New York and San Francisco. The company is widely recognized for creating highly acclaimed non-traditional marketing campaigns for Snapple, Kenneth Cole, Hennessy, Target, Coach and The Meow Mix Company. Current clients include Verizon SuperPages, The Andrew Jergens Company, Target and more. "We are thrilled to partner with kirshenbaum bond + partners. They have established a solid franchise and have developed a wonderful reputation for delivering outstanding work to outstanding clients. We definitely believe that they will enhance the MDC Partner network," said Mr. Nadal.

Fourth quarter revenues of the Secure Transactions Division were US\$19.4 million, a decrease of 52% from the US\$40.6 million recorded for the same period of 2002 primarily the result of the Custom Direct divestiture. Operating income before other charges was US\$3.2 million, down 53% from the US\$6.7 million earned in the prior year. Excluding divested operations, revenues and operating income for the fourth quarter were US\$19.4 million and US\$3.2 million, an increase of 38% and 54% respectively. For the year, revenues of US\$115.6 million and operating income of US\$13.0 million declined from 2002 by US\$93.5 million and US\$23.9 million respectively as a result of the above mentioned divestitures.

Excluding divestitures, revenues of remaining businesses increased 8% to US\$67.1 million with operating income declining 24% to US\$5.0 million.

"We are excited by the progress of our remaining secure transaction businesses. With the implementation of state-of-the-art equipment, the group is well positioned to benefit from existing contracts while pursuing new opportunities to further increase plant utilization with nominal investment spending. We expect significant growth in operating performance in 2004," said Mr. Nadal.

During the quarter, pursuant to its normal course issuer bid, MDC repurchased 632,900 Class A subordinate voting shares at an average price per share of Cdn\$15.28 for total consideration of US\$7.3 million. For the fiscal year, the Company repurchased 1,274,816 Class A subordinate voting shares at an average price per share of Cdn\$14.77 for total consideration of US\$13.7 million.

"We are thrilled with our overall performance and believe we have established a platform that will deliver excellent returns and increased shareholder value," said Mr. Nadal.

About MDC Partners Inc.

MDC Partners is one of the world's leading marketing communications firms. Through its partnership of entrepreneurial firms, MDC provides advertising and specialized communication services to leading brands throughout the United States, Canada and the United Kingdom. MDC Class A shares are publicly traded on the Toronto Stock Exchange under the symbol MDZ.A and on the NASDAQ under the symbol MDCA.

This press release contains forward-looking statements within the meaning of

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MDC PARTNERS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOURTH QUARTER 2003 and 2002
(Unaudited)

	\$U.S. 000's - except per share amounts	
For the Three Months Ended December 31,	2003	2002
Gross billings	146,006	146,6
Revenues	75,788	87,8
Operating costs	64,998	73,5
Operating income before other income (charges)	10,790	14,2
Other income (charges)		
Net gain (loss) on asset dispositions and other charges	2,010	(2,1
Amortization	(2,749)	(3,9
Interest, net	(1,848)	(3,7
Income participation of minority partners	(2,094)	(1,6
	(4,681)	(11,5
Income before income taxes and minority interest	6,109	2,6
Income taxes	1,828	5
Income before minority interest	4,281	2,1
Minority interest	-	50
Net income for the period	4,281	1,6
Cash Flow from operations	7,959	6,6
Earnings Per Share		
Net income		
o Basic	0.21	0.
o Diluted	0.19	0.
Cash Flow Per Share		
o Basic	0.40	0.
o Diluted	0.34	0.
Weighted average shares outstanding during the period		
o Basic**	18,971,827	16,915,3

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o Diluted*** 23,380,504 24,988,6

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SEGMENTED INFORMATION - BY OPERATING DIVISION

For the Three Months Ended December 31,	2003	2002*

MARKETING COMMUNICATIONS		
Revenues	55,238	46,916
Operating income before other income (charges)	9,295	8,151
SECURE TRANSACTIONS		
Revenues	19,433	40,596
Operating income before other income (charges)	3,173	6,733
CORPORATE AND OTHER		
Revenues	1,117	301
Operating loss before other income (charges)	(1,678)	(655)
=====		

* Comparative figures have been reclassified to conform with current presentation.

** The weighted average basic shares outstanding increased by 2,056,486 as a result of shares issued, primarily on the privatization on Maxxcom Inc., net of shares repurchased and cancelled.

***The Company has the option to satisfy the CDN\$49,000 (US\$37,794) of 7% Convertible Notes ("Notes") with cash or Class A Subordinated Voting Shares ("Shares") at 95% of the current share price. As a result, the diluted shares outstanding include 3,441,011 (2002 - 7,911,392) Shares for the conversion of the Notes at 95% of the average closing price of the Shares during the period.

MDC PARTNERS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
2003 and 2002
(Audited)

	\$U.S. 000's - except per share amounts	
For the Twelve Months Ended December 31,	2003	2002*
=====		
Gross billings	556,310	600,273

Revenues	312,716	387,765
Operating costs	276,157	333,139

Operating income before other income (charges)	36,559	54,626

Other income (charges)		
Net gain on asset dispositions and other charges	17,425	97,288
Unrealized foreign exchange gain	-	4,380
Amortization	(12,617)	(16,171)
Interest, net	(11,502)	(17,810)

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Income participation of minority partners	(6,113)	(3,927)
	(12,807)	63,760
Income before income taxes and minority interest	23,752	118,386
Income taxes	7,950	22,020
Income before minority interest	15,802	96,366
Minority interest (recovery)	(1,044)	3,032
Net income for the period	16,846	93,334
Cash Flow from operations	21,241	23,403
Earnings Per Share		
Net income		
o Basic	0.88	5.46
o Diluted	0.74	3.70
Cash Flow Per Share		
o Basic	1.13	1.33
o Diluted	0.93	0.94
Weighted average shares outstanding during the period	17,791,064	16,915,341
o Basic	23,257,596	25,357,018
o Diluted**		

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SEGMENTED INFORMATION - BY OPERATING DIVISION

For the Twelve Months Ended December 31,	2003	2002*
MARKETING COMMUNICATIONS		
Revenues	193,560	171,740
Operating income before other income (charges)	28,620	21,712
SECURE TRANSACTIONS		
Revenues	115,606	209,100
Operating income before other income (charges)	13,022	36,862
CORPORATE AND OTHER		
Revenues	3,550	6,925
Operating loss before other income (charges)	(5,083)	(3,948)

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** The Company has the option to satisfy the CDN\$49,000 (US\$37,794) of 7% Convertible Notes ("Notes") with cash or Class A Subordinated Voting Shares ("Shares") at 95% of the current share price. As a result, the diluted shares outstanding include 4,929,577 (2002 -8,403,361) Shares for the conversion of the Notes at 95% of the average closing price of the Shares during the period.

MDC PARTNERS INC.
CONSOLIDATED BALANCE SHEETS
(Audited)

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(\$U.S. 000's)		
	As at December 31, 2003	Decemb
=====		
ASSETS		
Current		
Cash and cash equivalents	71,879	3
Accounts receivable	80,979	6
Inventory	6,795	
Prepaid expenses and sundry	5,068	

	164,721	11
Capital and other assets	59,612	7
Goodwill	103,538	18

	327,871	38
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LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	91,289	8
Deferred acquisition consideration	1,113	2
Deferred revenue	13,516	1
Current portion of long-term indebtedness	18,646	

	124,564	12
Long-term indebtedness	75,768	15

	200,332	27
Minority interest	2,533	

Shareholders' equity		
Share capital	117,292	9
Contributed surplus	3,272	
Other paid-in capital	30,851	2
Cumulative translation adjustment	(4,953)	
Retained earnings (deficit)	(21,456)	(3)

	125,006	9

	327,871	38
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"We believe that a single class share structure better aligns management's interest with the shareholders and will further enhance the attractiveness of MDC shares to investors, particularly in the United States," added Mr. Nadal.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MDC PARTNERS INC.

(Registrant)

Date: March 9, 2004

/s/ Walter Campbell

(Signature)

Walter Campbell
Chief Financial Officer