WPP AUNZ
2018 Half Year Results

24 August 2018

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2018 Half Year Highlights

Delivering organic growth:

- Net sales $416.3 million, up 1.5% (2017: $410.0 million)
- Headline profit before tax of $43.4 million, up 3.8% (2017: $41.9 million)
- Headline earnings per share of 3.3 cents, up 5.8% (2017: 3.1 cents)
- Supported by strength in advertising, media and digital segments

Continue to invest for the future:

- New Melbourne campus housing 15 brands and 360 people
- Investment in whole of company production capability
- Acquisitions supporting digital Media and Data Investment Management segment

Strong cashflows, dividends and improved banking facilities

- Cashflow conversion of 92% over last 24 months
- New debt facilities of $520 million with a syndicate of 5 banks. Facilities better aligned to business cashflow
- Leverage ratio 1.9x (1.8x at Jun 17, within targeted leverage range of 1.5x to 2.0x)
- Interim dividend increased by 10% to 2.3 cents (2017: 2.1 cents), fully franked

Outlook

- Guidance unchanged - WPP AUNZ expects to deliver circa. 3% growth in headline earnings per share for FY2018
- Appropriately conservative given headwinds in retail and FMCG sectors and some particular challenges in a small number of operating companies

Headline trading performance excludes amortisation, non-cash and significant items.

WPP AUNZ - 2018 Half Year Results

KEY MEASURES	6 months ending 30 June 2018	
Net Sales	**$416.3m** (30 June 2017: $410.0m)	Net Sales increase of 1.5% against 2017
Earnings Before Interest and Tax	**$49.6m** (30 June 2017: $49.1m)	1.0% increase in EBIT against 2017. Better performance across segments
Net Sales Margin	**11.9%** (30 June 2017: 12.0%)	Margin has been maintained
Profit Before Tax	**$43.4m** (30 June 2017: $41.9m)	3.8% growth in PBT driven by better cash collection driving a decrease in interest expense
Earnings Per Share	**3.3 cents** (30 June 2017: 3.1 cents}	5.8% growth in EPS
Dividend Per Share	**2.3 cents** (30 June 2017: 2.1 cents)	Payout ratio of 70% of earnings. In line with targeted dividend payout ratio of 60% to 70% of earnings
Leverage Ratio (Net debt / EBITDA)	**1.9x** (30 June 2017: 1.8x)	Leverage ratio within targeted range of 1.5x to 2.0x

Half Year Results by Segment – 30 June 2018

$AUD'M	Net Sales		Headline EBIT		Headline Margin		Key Drivers
	1H 2018	$ Change	1H 2018	$ Change	1H 2018	Change	
Advertising, Media Investment Management	232.8	4.7	28.1	1.3	12.0%	0.3%	• Media businesses performing strongly • Conversion impacted by investment in Hogarth • New leadership in Integrated agencies
Data Investment Management	50.1	1.5	8.3	(1.2)	16.6%	(2.9%)	• Cycling tough 2017 • Momentum of new business wins back
Public Relations & Public Affairs	29.0	0.4	4.6	1.0	16.0%	3.3%	• Stronger performance across the portfolio
Branding & Identity and Specialist Communications	104.4	(0.3)	8.6	(0.6)	8.3%	(0.5%)	• Digital businesses performing strongly delivering digital marketing transformation • Challenges across Branding and Identity businesses
Total	416.3	6.3	49.6	0.5	11.9%	(0.1%)	

Dividends – Increase of 10% in interim dividend

- 2018 Interim dividend of 2.3 cents per share, 10% uplift on prior period (2017: 2.1 cents per share)
- Fully franked dividend
- Dividend represents a payout ratio of 70%
- Targeted dividend payout ratio of 60% to 70% of earnings
- Dividend record date - 26 September 2018
- Dividend payment date - 3 October 2018

Strategy Update

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WPP AUNZ Strategy

Deliver 100% of client's customer experience budget

1. BIG AT HOME

Maintain leadership position in core business and drive home advantage of our superior scale.

2. LEVERAGE THE POWER OF WPP

Leveraging WPP's IP, tools, expertise in data management, digital transformation, research and technology investment.

3. BEST PEOPLE / GREATEST CLIENTS

Attract, retain and reward the very best and most diverse group of creative, passionate professionals and apply that talent to the richest canvas of opportunities in our industry.

4. CONNECTED KNOW-HOW

Harnessing the collective knowledge, skills, capabilities and resources of the group to create more value for our clients and companies.

Connected know-how

know more

Harnessing the knowledge and expertise of our 5,000 people who collectively work across multiple disciplines for every major client and category in the market.

Bringing together the best knowledge, thinking and talent to meet our clients' challenges with bigger, better and smarter ideas.

do more

Our companies and people are able to play on a bigger stage – accessing opportunities, and realising ideas that are only possible when you're part of something bigger.

be more

The scale and diversity of our group creates unlimited opportunities for growth for our people, our companies and our clients – allowing them to realise their full potential.

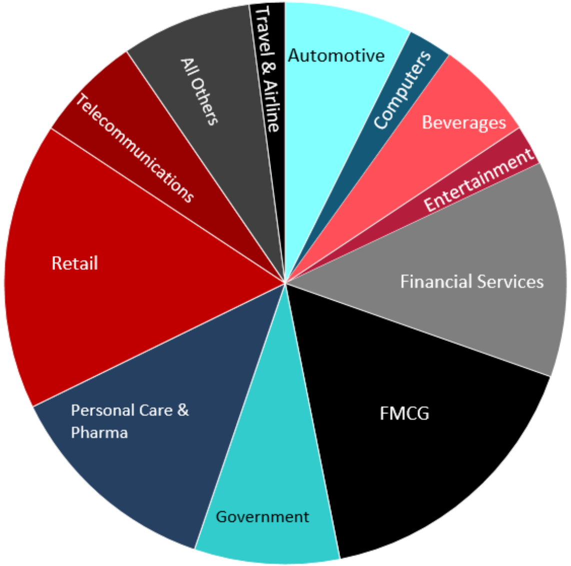
Diversified portfolio of clients and service offerings

Multiple Client Engagements

Average of 8 Touchpoints
- Top 50 Clients
(June 2017: Average of 7 Touchpoints)

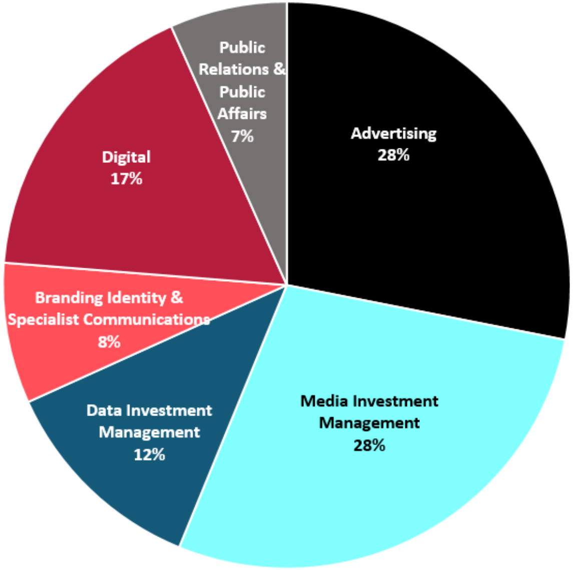
Diverse Client Industry Base

Net Sales by Industry



Multiple Service Offerings

Net Sales by Sector



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NEW BUSINESS HIGHLIGHTS – January to June 2018

MARS	Mediacom
Mondelēz International	Mindshare
Burger King	Y&R NZ
Pfizer	VML, OCH & OPR
Australia Post	Kantar TNS
OPTUS	Ogilvy
Telstra	PR Cluster
Amart Furniture	Y&R and Ikon
AAMI	Ogilvy
AIA	Kantar Consulting
SUNCORP	Kantar Millward Brown
nib	Ikon
P&G	Buchanan
AVIS	Ikon
Vintage Cellars – Australia's Fine Wine Specialist	JWT
Google	Kantar TNS

Portfolio Optimization

Acquisition of WPP aligned businesses	Acquisition of minority interests
LiGHTSPEED Online market research panel 100% acquisition	colmar brunton. Market research consultancy Acquisition of 19% of equity. Now 100% owned
essence. Digital media planning and buying 100% acquisition	aleph Digital technology consultancy 10% acquisition. Now 75% owned South East Asian operations

Key Financials

Chris Rollinson
Chief Financial Officer

Headline Profit & Loss – 30 June 2018

30 June $AUD'M	1H 2017	1H 2018	Growth
Net sales	410.0	416.3	1.5%
Income from associates	3.1	3.7	
Staff Costs	(276.1)	(277.1)	
Establishment Costs	(26.0)	(28.1)	
General & Administration Costs	(61.9)	(65.2)	
Total Operating Costs	(364.0)	(370.4)	
Earnings before interest and tax	49.1	49.6	1.0%
Net finance costs	(7.2)	(6.2)	
Profit before tax	41.9	43.4	3.8%
Tax	(12.5)	(12.1)	
Profit after tax	29.4	31.4	6.8%
Minority Interests	(3.1)	(3.6)	
Profit after tax and minorities	26.3	27.8	5.8%

EPS	3.1 cents	3.3 cents	5.8%

30 June $AUD'M	1H 2017	1H 2018
Staff Costs to Net Sales %	67.3%	66.6%
EBIT to Net Sales Margin %	12.0%	11.9%
EBITDA ($'million)	56.3	58.8

- Staff costs to Net Sales ratio improvement against 2018
- Establishment costs impacted by new Melbourne campus. Set up scalable campus for group companies
- General & Administration Costs increased due to an increase in IT costs.
- Reduced interest expense through better cash collection and improved debt margin

Balance Sheet ($AUD'M)

	Reported 30 June 2017	Reported 31 Dec 2017	Reported 30 June 2018
Cash [a]	180.5	111.2	129.4
Net working capital	(86.6)	(40.6)	(32.7)
Investments	23.4	23.4	25.8
Intangibles	1,250.7	1,235.4	1,238.5
Other Assets	129.4	126.7	120.6
TOTAL ASSETS	1,497.4	1,456.1	1,481.6
Bank Debt [b]	(428.7)	(338.8)	(412.6)
Lease Liability [b]	(3.3)	(2.7)	(2.3)
Earnouts [c]	(25.4)	(19.7)	(19.5)
Other Liabilities	(207.9)	(235.0)	(218.1)
TOTAL LIABILITIES	(665.3)	(596.2)	(652.5)
NET ASSETS	832.1	859.9	829.1
Net debt [b-a]	251.5	230.3	285.5
Net debt including earnouts [b+c-a]	276.9	250.0	305.0

KEY THEMES

- Negative net working capital of $32.7 million (Dec 17: $40.6 million).
- Net debt including earnouts of $305.0 million (Dec 17: $250.0 million).
- Increase in net debt including earnouts of $55.0 million driven by investment in acquisitions, change in tax legislation and investment in Melbourne property campus and production equipment.
- Investments represents investments in associated entities.
- Intangibles of $1,238.5 million (Dec 17: $1,235.4 million) – increase through acquisitions, offset by amortisation of intangibles.

Reported Cashflow ($AUD'M)

	30 June 2017 12 months	30 June 2018 12 months	Last 24 month total
Statutory EBITDA (adjusted for non-cash significant items)	156	155	311
Operating cashflow pre interest and tax	165	120	285
EBITDA conversion to cash flow	*106%*	*77%*	*92%*
Tax paid	(13)	(24)	(37)
Net Interest	(16)	(13)	(29)
Operating Cashflow	136	83	219
Plant and equipment	(17)	(31)	(48)
Acquisition of entities (net of cash acquired)	-	(16)	(16)
Earnout payments	(8)	(11)	(19)
Total acquisition payments	(8)	(27)	(35)

- The analysis is prepared based on the statutory cash flow included in the financial statements.
- Cash collections at period end were below internal expectations. We remain strong cash generative business.
- Cash flow impacted by the fluctuations in the timing of media payments.
- Average EBITDA cash conversion of 92% over a 24 month period.
- Targeted EBITDA conversion to cash of 100%.
- Continued focus on efficient and effective working capital management practices.
- Tax payments lower in the 12 months to June 2017 due to the Transaction.

Debt Facilities and Gearing

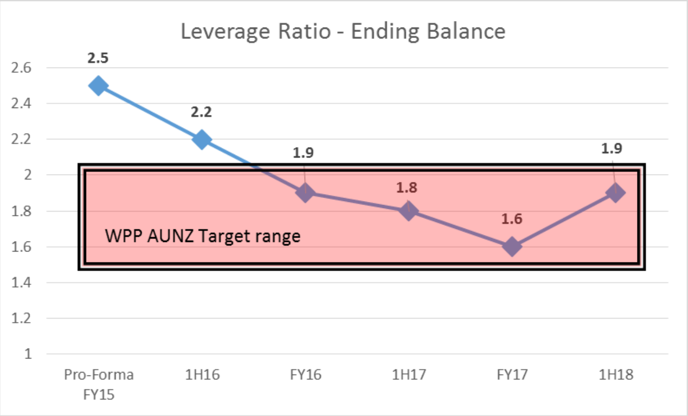
Australia Core Debt Facilities at 30 June 2018

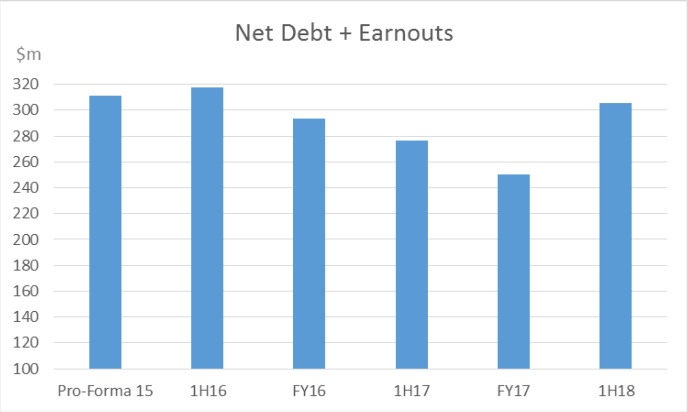
New Syndicated Debt Facility

- New Syndicated Debt Facility entered into in June 2018.
- Maintained access to debt facilities of $520 million with a syndicate of 5 banking partners.
- Maturity profile:
    - $370 million – 3 year term maturing June 2021.
    - $150 million – Rolling annual working capital overdraft facility.

Leverage ratio

- Leverage ratio of 1.9x at 30 June 2018 (1.8x at 30 June 2017) – within targeted leverage ratio of 1.5x to 2.0x.
- Leverage ratio calculated as Net Debt including earnouts/EBITDA.





Summary and Outlook

Mike Connaghan
Chief Executive Officer

Summary and Outlook

- Overall market conditions for the remainder of 2018 are varied across industry segments:
  - Media investment market growth expected to be low single digit
  - Market continues to be challenging for retail and consumer facing brands
  - Good growth opportunities in ecommerce, digital transformation and marketing infrastructure
- Investments made in 1H18 expected to support future growth
  - Whole of company production business expected to be profitable in next 12 months
  - Continued to optimise the portfolio by reducing minority shareholdings, allowing greater control over existing businesses
  - Better connectivity across the group to unlock value for all businesses: investment in new Melbourne campus brings together 15 brands
  - Further investment in data, digital and technology
- Guidance unchanged - WPP AUNZ expects to deliver circa. 3% growth in headline earnings per share for FY2018
- Appropriately conservative given headwinds in retail and FMCG sectors and some particular challenges in a small number of operating companies

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Q&A

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2018 Half Year Results

Appendix

Statutory Profit & Loss and Headline NPAT – Half Year Results ($AUD'M)

	30 June 2017	30 June 2018
Net revenue	410.0	416.3
Income from associates	2.6	2.6
Profit before interest and tax	40.0	39.8
Net finance costs	(7.7)	(6.6)
Profit before tax	32.3	33.2
Tax	(9.1)	(16.5)
Profit after tax	23.2	16.7
Minority Interest	(3.1)	(3.6)
Statutory profit after tax and minorities	**20.1**	**13.1**
Significant and other non-cash items:		
Transaction related profit and related tax balances	(1.3)	8.5
Amortisation of acquired intangible assets and other non-cash items	7.5	6.2
Headline net profit after tax	**26.3**	**27.8**

Significant and Non-Cash Items ($AUD’M)

	30 June 2017	30 June 2018
Transaction related gain		
Revaluation of non-current assets	(1.9)	-
Total transaction related gain	(1.9)	-
Amortisation of acquired intangible assets and other non-cash items		
Amortisation of acquired intangible assets (non-cash)	9.7	9.8
Loss/(gain) on fair value adjustment of earnouts (non-cash)	0.7	(0.7)
Total amortisation of acquired intangible assets and other non-cash items	10.4	9.1

Total: PBT @ 100% share	8.5	9.1
Income tax benefit on significant and non-cash items & non-controlling interests	(2.3)	(2.9)
Rights to future income tax expense resulting from the Transaction	-	8.5
Total: NPAT @ WPP AUNZ share	6.2	14.7

Aggregate Earnout Position

	Total Earnouts
	($AUD'M)
31 December 2017 @ Present Value	19.7
Payments made in 2018	(0.1)
New earnouts in 2018	0.2
Net revisions to prior earnout estimates	(0.3)
30 June 2018 @ Present value	**19.5**

Expected Settlement	Maturity Profile
	($AUD'M)
2018	6.5
2019	10.2
2020+	2.8
Total @ Present value	**19.5**

Thank You.