



7 May 2020

Market Announcements Office
Australian Securities Exchange Limited

Re: WPP AUNZ Limited 2020 Annual General Meeting

Dear Sir,

Attached please find the Chairman's and Managing Director's addresses to the 2020 Annual General Meeting held today.

A handwritten signature in blue ink, appearing to read 'L. Gough'.

Linda Gough
Company Secretary



WPP AUNZ LIMITED – Annual General Meeting – 7 May 2020

OPENING AND WELCOME

Good morning, Ladies and Gentlemen.

My name is Robert Mactier, and as the Non-Executive Independent Chairman, I would like to welcome you to the Annual General Meeting of WPP AUNZ Limited.

It is now 10:00am. I can confirm that a quorum is present by virtue of the proxies that I hold as Chair, and I declare the meeting open.

I think we're all getting used to coming together, to meet and share ideas in a virtual way. And although we're not physically in the same space today, we are always connected to one another, by virtue of sharing the same land we meet on. So it's with this, before we begin, that I would like to start by acknowledging the Traditional Owners of the land on which we all individually, yet collectively, meet today. I would also like to pay my respects to Elders past and present.

Heeding government directives and restrictions to limit the spread of COVID-19, the AGM is being made accessible to shareholders today via live webcast.

The AGM will also be available for replay on the Company's website at www.wppaunz.com

I regret that we are unable to meet with shareholders personally today but we all need to play our part to slow down the coronavirus. I look forward to returning to a normal meeting format next year.

INTRODUCTION OF DIRECTORS

I would now like to introduce to you the small number of people who are here with me today. I would like to assure you that all representatives have taken care to



regulate their health before attending and are observing safe social distancing measures during their attendance here today:

- Jens Monsees, our Chief Executive Officer and Managing Director;
- Kim Anderson, an independent and non-executive Director and Chair of our People & Culture Committee;
- Graham Cubbin, an independent and non-executive Director and Chair of the Audit & Risk Committee;
- Linda Gough, WPP AUNZ's Company Secretary
- Chris Rollinson, WPP AUNZ's Chief Financial Officer.

We have apologies from Diane Holland, Ranjana Singh, John Steedman, Paul Richardson and Geoff Wild, who are WPP nominee directors. They are listening to the webcast but are unable for Covid reasons to be physically present today.

I am also pleased to confirm that:

- Sandeep Chadha from Deloitte, the Company's auditors, is in attendance and available to respond to relevant questions in relation to the audit.

ADDRESS FROM THE CHAIR

Fortunately, technologies have evolved to enable us to host a virtual meeting with video capability. Like many companies, this is the first time that we have conducted an AGM under these arrangements. That said, there is no doubt that some of the video conferencing technologies that we have all embraced in the recent weeks will become a permanent part of our business environment going forward.

On Tuesday last week I joined a virtual town hall meeting at which WPP plc CEO, Mark Read and Jens addressed some 500 of our people via a live video. The vast majority of our c4,000 employees have for the last 7 weeks been working remotely using digital and video capability. The world has changed. Normal has changed. That change has been powered by and enabled by technology. As a creative



transformation company, WPP AUNZ is at the forefront of helping our clients reach their customers in this new world.

This is also the first AGM for our new CEO, Jens Monsees. Jens joined us from the BMW Group in Germany where he was at the forefront of driving a digital led transformation of that organization. He has also had significant experience working with digital platform businesses, most notably Google, as well as an extensive background in FMCG brand marketing roles earlier in his career. Jens was the unanimous choice of the Board in consultation with our major shareholder WPP plc, in what was an extensive global search process for a new CEO. There is no doubt that Jens' breadth of digital and marketing experience and seniority within a very large global organization was unrivalled compared to the other candidates that we reviewed. The Board is very impressed with Jens' strategic vision for the company. He is driving significant change in how we operate to enable us to truly respond to the changing needs of our clients, the working environment desired by our talented employees and to capitalise on our scale and breadth to deliver a market leading service and win market share.

Turning now to the operating environment in which we find ourselves.

Unequivocally these are the most challenging and uncertain times that any of us have experienced. The financial pressures, changes to business models, changes to consumer habits, challenges to our ability to work....the list goes on. This environment is like nothing any of us have ever had to deal with.

Our immediate and continuing priority is to ensure the well-being of our people and their ability to continue to service the needs of our valued clients. Jens will speak more on some of the very creative responses that our people are driving to keep the doors open, the businesses functioning and assisting our clients in their response to the crisis.

Through this period, our necessity has also been to ensure a strong financial position for the company so that we can withstand whatever challenges and forces the still unfolding crisis throws our way. Your management team moved quickly to reduce



our cost base, introducing many cost saving initiatives, including personal salary sacrifice. When we announced our results and intended ordinary and special dividend payments on February 24 we had not truly understood the magnitude of the Government's response to the crisis and what it would mean for consumers, our ability to work and the business models of many of our clients. Against this backdrop we took the very difficult decision to cancel our ordinary and special dividend payments and also to ask our directors, leadership team and employees to volunteer for pay cuts and reduced working hours. We are continuing to review further changes and cost reduction measures to right size the business for the current environment but also to ensure we come out the other end as a stronger and more efficient business.

I trust you will understand that at this time, the continuing economic uncertainty means that it is too early for us to have sufficient confidence to comment about the outlook for the 2020 full year performance.

The decision to cancel the dividend was made with an abundance of caution at a time when we were confronting maximum uncertainty. I can assure shareholders that as soon as we have appropriate confidence in the outlook and the strength of our balance sheet we will resume payment of dividends. Our lenders continue to be supportive and you will have no doubt seen our announcement this week that we have renewed our rolling 364 day \$150m overdraft facility which was maturing in June this year. We remain confident that our focus on cashflow and working capital management combined with our cost saving initiatives will enable us to weather the COVID-19 storm. It is fair to say that with the benefit of hindsight the decision to sell our Kantar businesses in Australia and New Zealand was indeed the right decision for the Company. The sale delivered an attractive valuation and has provided a more conservative financial starting point from which we can respond to the crisis, survive and indeed prosper when many of our competitors might come under more significant financial pressure.

Turning briefly to our results for 2019. As we said in February, whilst the 2019 results were consistent with our guidance, compared to the prior year, revenue was



down 4.4% and EPS declined by 9.6%. These were very disappointing results and are not acceptable. The 2019 results underscore the need for us to support and drive our new CEO's vision, including accelerating the strategic transformation plans. Given the changes in the economic and operating environment since we released our 2019 results, I don't think it makes sense to dwell further on the historical performance but rather maintain an unwavering forward-looking focus and driving significant change in our go to market operating model.

As Jens will outline, this transformation strategy and restructuring program are well underway and will be accelerated in response to the COVID-19 crisis.

An area that has been on the Board's agenda this year is driving diversity and inclusiveness within WPP AUNZ. After all, WPP AUNZ is a people business. We believe that inclusivity is key to fostering a diverse workplace that enables our teams to create work that connects with our clients' diverse and global consumer base.

Our commitment to creating an inclusive workplace saw the launch of the Inclusion & Diversity Council in 2019, chaired by John Steedman. The Council has identified five key pillars that will enable our workforce to thrive. These include initiatives in our flexibility work practices and policies, building strong connections and access to talent in our company, fostering a mentally healthy workplace, embedding inclusive recruitment practices, and developing respectful relationships and creating meaningful opportunities with Aboriginal and Torres Strait Islander peoples.

In 2020, we are laying the foundations for carbon reporting. We're working closely with our majority shareholder, WPP plc, to reembrace employee engagement programmes, such as "Green Teams" and sustainability audits, that WPP has rolled out in other parts of the world. We know that sustainability is a significant priority for our employees and clients and are working to build a credible program that involves procurement, facilities, finance and legal.

Turning now to our Board renewal plans:



Paul Richardson, who we had planned would be here in person today so that we can appropriately farewell him is, as foreshadowed, stepping down from the board today after some 20 years of very valued service as a nominee of WPP plc. Paul has been a very engaged, insightful and respected member of the board. His counsel will be very much missed. A huge thank you to Paul.

Diane Holland has joined the Board as a WPP plc nominee to replace Paul. Diane has already made a significant contribution and brings a very valuable perspective on the industry from her executive role as the global CFO of Wunderman Thomson, one of the largest digital brands in the WPP empire. Welcome Diane.

We have announced that it is intended that Graham Cubbin will step down from the Board during the course of this calendar year and once a suitable candidate to become audit chair has been identified and transitioned into the role. Further it is intended that we will continue a program of renewing the Independent Board Directors, including myself, in a timeframe and sequence that will ensure a transfer of corporate history and maximum support for Jens as he executes his strategy.

Lastly, I'd like to thank our people for their dedication and resilience, thank our clients for your continued support and thank our shareholders for your patience. In particular, I would like to thank John Steedman for the way in which he assumed the reigns during the CEO transition process and for the manner in which he has seamlessly stepped into the role of Jens' trusted confidant and partner.

I wish everyone well and good health in the fight against the COVID-19 virus. I would ask that in these very challenging times that you make the effort to turn to your friends, colleagues and loved ones and start a conversation by asking them the very simple question. RUOK?

Jens joined us in October last year and we have welcomed him with the challenge of severe drought, calamitous bushfires and now a virus pandemic. In spite of all these challenges, Jens has managed to settle his family into a new country, embrace the Australian culture, built a very strong network of employees, clients and



shareholders, kept our businesses operating and is deep into driving a strategic transformation. We are very appreciative of his efforts and impressed by the huge commitment he has made in his first seven months.

It is now my pleasure to invite Jens to address the meeting.

ADDRESS FROM THE CEO

Thank you, Rob and good morning everyone. Welcome and hello from my side.

I am excited that we are able to connect with you all virtually today. As you'll see in my presentation, this theme of digital communication and engagement runs strongly across what we are seeing in recent consumer behaviour and engagement. Importantly, it is also a key factor driving the acceleration in our transformation strategy. I will talk to that shortly.

Today I'd like to focus on the COVID-19 situation, look from the outside-in, and then inside-out, the trading outlook and the new norm.

Around 96% of our people are working from home and it's been a nice surprise to feel more connected and learn more about the people I work with by sharing our respective living rooms, bookshelves, kitchens and study areas. Let's have a look.

Looking from the top down, we are operating in one of the most challenging but also exciting periods of our history. We have observed world-wide, a seismic shift of consumer behaviour towards digital. And when COVID-19 passes, we will face a new norm in society, across the economy and in the way brands interact with consumers.

I'd like to highlight a couple:

- We have never seen more demand for e-commerce.



- In March alone, Amazon had an 88% increase in site visits. Within in one month, Australia Post doubled the number of deliveries it made as a result of the explosion in online shopping.

The shift to technology for social connection, experience, basic goods has in my view, never moved faster. At the same time, many of our clients have faced THE extreme challenge of government regulated shutdowns: particularly those in the travel, entertainment and offline retailing areas. And according to Roy Morgan research a staggering 68% of Australians have had their employment impacted.

Let's see on the next slide how the different sectors have been affected. There is a clear difference in experience by sector. Our portfolio is quite balanced across sectors. Fortunately, we have a strong hold in tech, FMCG and banking. We also have an exposure in traditional retail and in travel and airlines.

We are also seeing a wide range of demand across different media channels where audience numbers have increased substantially in some areas such as newspapers and TV. Cinema and out of home have experienced weakness due to the social distancing restrictions.

Additionally, it is helpful to distinguish between our three main regions: Australia, New Zealand and SE Asia. While we believe New Zealand will be the first to ease social restrictions, South East Asia has just had an unexpected second wave of lockdowns and in Australia, the government is deciding on how and when to lift the restrictions, but as of today, it looks promising and imminent.

The seismic shift of consumer behaviour we are seeing across society, is both private and public.

We have observed 6 mega trends

- Virtual experience
- Demand for e-commerce



- Healthcare revolution
- Work from home
- Digitisation of learning
- E Government

The new norm of consumer behaviours have accelerated the digital transformation agenda in every company. Before Covid-19, we were already providing services around every aspect of the strategy and implementation of digital transformation to our clients, and on slide 7 we can see that our clients need us more than ever to cope with that change, accelerate their implementation and responding to the new needs of the customers.

These mega-trends result in a strong need to rethink marketing, advertising and overall customer interactions.

Here I have listed just a few examples, per sector, on the opportunity we see for WPP AUNZ in the new norm.

Now let's see how this is playing into our transformation roadmap. Some of this I shared with you as part of our February strategy announcement. Without knowing that COVID-19 was around the corner, we were referring to the following three growth areas: experience, commerce and technology. Now in the new norm of COVID-19, it is even more relevant.

We have a large customer base of around 1,500 active clients which we can pivot even faster into the new digital growth areas. Our strategy is exactly where we need to be to benefit in the post COVID-19 new norm.

Let's have a look at what this new norm of customer engagement will look like.

Turning to slide 12. What we can say with certainty is that we are not going back to the old normal. In our own strategy, we are in the first phase of transforming. As



Winston Churchill once said “never let a good crisis go to waste”. We are leveraging the current crisis to expediate restructuring and make our company future proof. I'll now provide an update on what this looks for us.

These are our deliverables we set out to achieve for the year and announced only a few months ago. The areas of our strategy that we have accelerated include our operating model, talent, solutions and geographies. And we are now working in a virtual campus, which is a hybrid of physical and virtual presence. Areas that we have completed include establishing the COE which we announced yesterday, and our talent initiatives.

We are on track with our client first and platform pillars, as well as building an end-to-end tech stack to support our client solutions. We are taking a measured approach to investment in the current circumstances.

Turning to our response to COVID-19 and trading update. Looking at our 1Q numbers, net sales were down 6.0%, with early impact of COVID-19 kicking in, in March. In March net sales were down 10.8% on the previous year.

Based on our numbers for April, where we saw a fall in net sales of 22%, we are forecasting EBIT of between breakeven and \$10 million loss for the first half of 2020. There remains much uncertainty surrounding this forecast given the volatile operating environment.

And there are too many uncertainties to provide a full year outlook at this point in time. We are focussed on what we can control, which are costs, and we expect to see the benefit of our initiatives in this area coming through in the second half.

We have implemented a \$70 million operating cost reduction program which includes actions such as salary reductions.

We are a people business, and staff costs are our biggest cost. So you will see the majority of this operating cost reduction involves pulling levers to reduce staff costs.



The acceleration of the strategy is opening more opportunities on the cost side, including property costs. We have taken actions to reduce capital expenditure and improve net working capital. Importantly, we have also been focused on capital preservation which Rob spoke to earlier.

Turning to our balance sheet position on slide 17. We have a robust balance sheet. Net debt including earnouts at 31 March was \$161 million and we have access to \$420 million in debt facilities.

We also had \$228 million in cash and undrawn facilities as at 31 March. Our business is currently in a strong financial position.

Our future in the new norm is as a critical partner to our clients in this ever changing, more digital world. We're at the forefront of change. Consumer behaviours are turbo charging tech and data driven advertising. And we are confident we have the capability to help our clients navigate the new normal post COVID-19.

We are also cautious about the immediate future. The crisis is still evolving with much uncertainty around government actions making it difficult to predict the full impact on our earnings for the half and full year. As I mentioned earlier, now we have our April sales numbers in, we do expect a significant negative impact on our earnings in the second quarter.

While we cannot control the external environment, we can control within our business and our strategy which is on track and being accelerated.

In a crisis you need communications, thought leadership and digital capabilities. I'd like to conclude with an example of how will operate in new norm, with the COE.

Thank you for listening and now over to you, Rob.



INTRODUCTION OF FORMAL BUSINESS

Thank you, Jens.

As previously notified to the ASX, all resolutions today will be decided on a poll based on proxies submitted before the meeting. All proxy votes have been received. Accordingly, I will now open the poll and vote all directed proxies in accordance with the directions provided by shareholders.

As advised in the notice of meeting, I will also vote all available undirected proxies in favour of resolutions 2 to 8. I now declare the poll closed.

The formal results of the poll will be notified to the ASX after the meeting, and I intend to display the voting outcome for each item of business after the online Q and A about that item.

Today I will be referring to each resolution by number and title as it appears in the Notice of Meeting. The resolution will be shown on the screen. We will follow each formal item of business with a period for questions and answers on that item. If you wish to ask a question please type it into the question function located within the webcast. If you have your questions ready, I ask that you please submit them now so that I can answer as many questions as possible when I come to the relevant agenda items.

As questions arise they will be read out loud and directed to me, as Chair. I will then answer the question or refer it as appropriate if I feel that the question has not already been answered in my address or my response to a previous question. As all shareholders have had to register with their name, we will be addressing our answers to your questions directly to you.

In fairness to all of the shareholders who may wish to ask questions today, I ask that you limit yourself to two questions.



I also thank those shareholders who sent in questions in advance of the meeting. I incorporated responses to the most frequently raised questions in my address.

Now, on to the official business of the meeting.