



ASX Release

Trading Update, Non-Cash Impairment and Balance Sheet Update

Sydney, Australia – 16 July 2020

Key points

Trading update

- Improved earnings guidance for 1H20 headline EBIT of \$10 million to \$14 million.

Non-cash Impairment

- Non-cash impairment of intangible assets expected in 1H20 of \$150 million to \$190 million.

Balance Sheet

- An expected leverage ratio of approximately 1.7x at 30 June 2020.

WPP AUNZ Limited (“WPP AUNZ”) (ASX: WPP) today announced that it expects to report headline earnings before interest and tax (EBIT) for the six-month period ending 30 June 2020 (1H20) above the guidance range provided at the AGM on 6 May 2020.

Based on an early assessment of the June results, headline EBIT for 1H20 is now expected to be within a range of \$10 million to \$14 million, which is above the previous earnings guidance of headline EBIT of between breakeven and \$10 million loss.

The stronger than anticipated headline 1H20 EBIT performance reflects a better than expected trading performance in May and June and the benefit of an additional \$4 million in JobKeeper payments in certain qualifying businesses.

The results are subject to audit and may vary due to a range of factors. Detailed financial results for 1H20 will be announced on 20 August 2020 where an update on the company’s strategy and an outlook for the remainder of 2020 will also be provided.

Non-Cash Impairment of Assets

WPP AUNZ expects to recognise an aggregate non-cash impairment charge of between \$150 million and \$190 million in its 1H20 results. The impairment charge follows a review of the carrying value of the company’s assets based on the current trading results and the uncertainty surrounding the course of COVID-19 and the flow-on economic impacts.

The impairment charge relates to acquired intangible assets including brand names, customer relationships and goodwill. It is non-cash in nature and has no impact on the company’s debt facilities and compliance with bank covenants.

T. + 61 2 9290 7500 wppaunz.com
1 Kent Street, Millers Point NSW 2000
ABN 84 001 657 370

Balance Sheet

As at 30 June 2020, net debt plus earnouts was approximately \$140 million and the leverage ratio is expected to be approximately 1.7x. This is within our banking facilities covenant limit of 3.0x (measured as period end net debt plus earnouts, divided by headline EBITDA).

WPP AUNZ has total debt facilities of \$420 million with an expiry date of June 2021. The debt facilities comprise a 3-year loan facility of \$270 million and a revolving working capital facility of \$150 million.

Summary

In conclusion, WPP AUNZ CEO Jens Monsees said, “Our priorities in responding to the COVID-19 crisis have been to keep our people safe, ensure our clients continue to receive excellent service and the best creative ideas and to retain a strong balance sheet.

“We are accelerating the transformation of our business to respond to industry changes and to position us strongly for an economic recovery. We look forward to providing an update on these initiatives at our upcoming results announcement.”

Ends

About WPP AUNZ:

WPP AUNZ is Australasia’s leading creative transformation company. You can read more at wppaunz.com or follow us @WPP_AUNZ

Contact:

Susie Reinhardt, Cannings Strategic Communications

T: +61 401 399 781

E: sreinhardt@canningscomms.com.au

Authorised by:

Linda Gough

Company Secretary

WPP AUNZ Limited

L4 1 Kent Street Sydney 2000 NSW