



ASX Release

24 February 2020

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

WPP AUNZ 2019 Full Year Results

I attach a management presentation entitled "2019 Full Year Results".

Yours faithfully,

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

Linda Gough
General Counsel & Company Secretary
WPP AUNZ Limited
1 Kent Street NSW 2000
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2019 FULL YEAR RESULTS

24 FEBRUARY 2020

**PRESENTED BY:
JENS MONSEES – WPP AUNZ MANAGING
DIRECTOR & CEO
CHRIS ROLLINSON – WPP AUNZ CFO**

FULL YEAR 2019 RESULTS SUMMARY

KEY FINANCIALS

Continuing businesses

- Net sales \$712.5 million, down 2.6% (2018: \$731.9 million).
- Headline earnings before interest and tax \$91.8 million, down 8.7% (2018: \$100.6 million).
- Headline earnings per share of 6.0 cents, down 9.6% (2018: 6.7 cents) - within market guidance.

KANTAR TRANSACTION AND SPECIAL DIVIDENDS

- Completion of the sale of the Kantar businesses on 6 December 2019. Cash proceeds of \$158.7m, tax of c.\$5m to be paid in 2020.
- Year end leverage ratio of 1.1x post the Kantar disposal. Below the targeted leverage range of 1.5x to 2.0x.
 - Capital management program initially totalling \$50 million. Comprises a special dividend of 1.5 cents per share (fully franked) for the next four dividend periods (i.e. every six months). Commencing with the current dividend payment.
 - Proceeds to also be reinvested in re-shaping and re-positioning the business to deliver growth.
- Capital management program to be continually reviewed, with opportunities to deliver additional distributions to our shareholders, driven by growth in earnings, greater clarity regarding cost and speed of transformation and more transparency about the impact of the economy on our clients.

STRONG CASHFLOWS AND DIVIDEND

- Cashflow conversion of 98% over last 24 months.
- Total dividends relating to the 2019 year of 6.7 cents (Ordinary: 5.2 cents; Special: 1.5 cents). Represents a 6% uplift on prior year (2018: 6.3 cents).
- Total final dividend of 4.4 cents per share, full franked, payable on 7 April 2020. Comprising an ordinary dividend of 2.9 cents per share (2018: 4.0 cents) and a special dividend of 1.5 cents per share.
- Total ordinary dividends in respect of the 2019 year of 5.2 cents (2018: 6.3 cents) represents a dividend payout ratio of 70% of headline earnings.
- Maintaining target ordinary dividend payout ratio of 60 - 70% of headline earnings per share.

Note. Prior year figures adjusted on a like-for-like basis for the impact of AASB 16 Leases (excluding Leverage Ratio). Headline EBITDA used in leverage ratio excludes reversal of depreciation of right-of-use assets (AASB 16 Leases). Continuing Business basis excludes the results of the two major units disposed in 2019 - Kantar and Ogilvy NZ.

FULL YEAR 2019 RESULTS SUMMARY

VARIED PERFORMANCE ACROSS THE PORTFOLIO

- Challenging operating conditions in 2019.
 - Margin improvement has been achieved in Public Relations, Specialist Communications and Large Format Production segments.
 - Traditional media and creative agencies impacted by weaker media spend and global and local account losses. Segment performance reduces overall operating margin.
 - Remediation of large format production segment on track. Materially better operating performance in 2H 2019 through realisation of cost and operational efficiencies. Expectation of improved performance in 2020.
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PORTFOLIO RATIONALISATION

- Key focus on rationalising our portfolio of brands.
 - Objective is to further simplify our offer to client, and operating structures that drive complexity and cost.
 - Progress in 2019, with the merger or sale of 15 operating companies, including the sale of Kantar.
 - 2020 – continued rationalisation of portfolio. Building differentiated businesses of scale.
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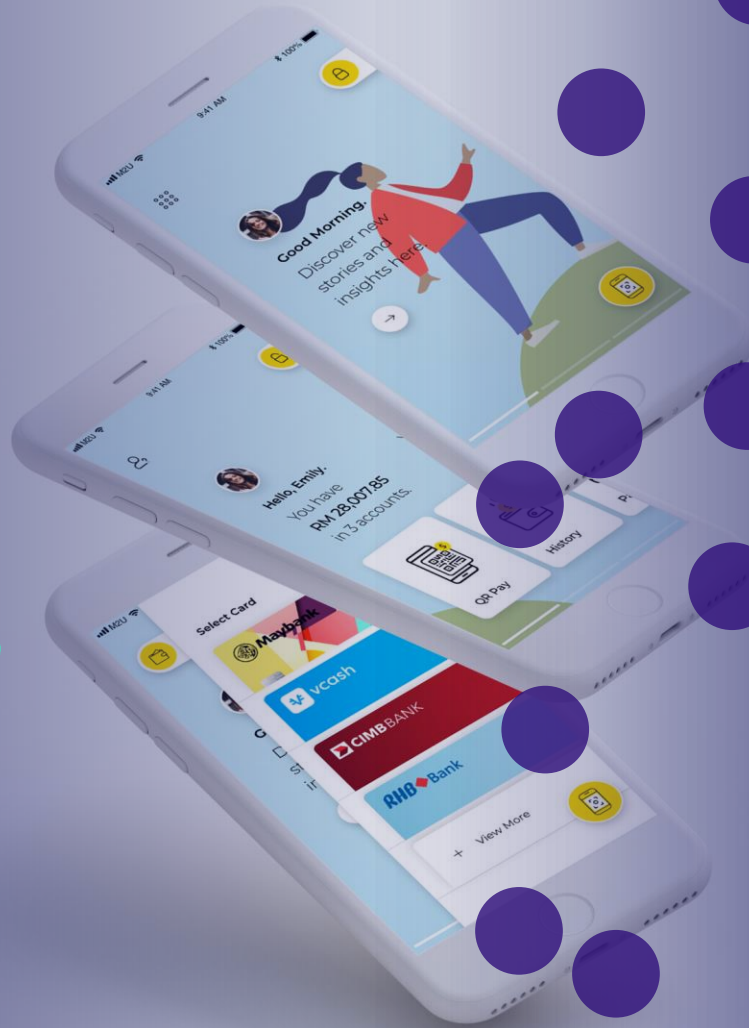
STRATEGIC REVIEW

- A new strategy has been announced for WPP AUNZ. Please refer to the “The New WPP AUNZ” strategy presentation lodged with the ASX.
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OUTLOOK

- Considerable transformation will be undertaken in 2020, along with an uncertain economic outlook for the year. In this context it is too early to provide outlook guidance for the 2020 year. Will provide guidance at the AGM in May 2020.

KEY FINANCIALS



CONTINUING BUSINESS HEADLINE RESULTS

FULL YEAR 2019

KEY MEASURES (\$AUD'M)	31 DEC 2018 (1)	31 DEC 2019	% CHANGE
Net Sales	731.9	712.5	(2.6%)
Earnings Before Interest and Tax	100.6	91.8	(8.7%)
Net Sales Margin	13.7%	12.9%	
Profit Before Tax	85.1	77.8	(8.6%)
Tax Rate	25.4%	27.4%	
Profit After Tax and Minority Interest	56.6	51.2	(9.6%)
Earnings Per Share	6.7	6.0	(9.6%)
Full Year Ordinary dividend Per Share (2)	6.3 cents	5.2 cents	
Special dividend Per Share (to be paid in April 2020)	-	1.5 cents	
Net Debt	270.3	121.4	
Leverage Ratio (Net debt / EBITDA (3))	1.9x	1.1x	

Page 18 details a reconciliation between Headline Results and Reported Earnings.

(1) Prior year figures adjusted on a like-for-like basis for the impact of AASB 16 Leases (excluding Leverage Ratio) and removal of discontinued operations.

(2) Ordinary dividend has been based on the Total Business earnings per share, as opposed to just the Continuing Business. Ordinary dividend payout ratio of 70% of Total Business earnings per share.

(3) 2019: Continuing Business Headline EBITDA excluding reversal of depreciation of right-of-use assets (AASB 16 Leases). 2018: Total Business Headline EBITDA excluding AASB 16 Leases.

TOTAL BUSINESS HEADLINE RESULTS

FULL YEAR 2019

	TOTAL BUSINESS			CONTINUING BUSINESS			DISCONTINUED BUSINESS (2)		
KEY MEASURES (\$AUD'M)	31 DEC 2018 (1)	31 DEC 2019	% CHANGE	31 DEC 2018 (1)	31 DEC 2019	% CHANGE	31 DEC 2018 (1)	31 DEC 2019	% CHANGE
Net Sales	857.4	819.4	(4.4%)	731.9	712.5	(2.6%)	125.5	106.9	(14.8%)
Earnings Before Interest and Tax	121.6	108.6	(10.7%)	100.6	91.8	(8.7%)	21.1	16.8	(20.5%)
Net Sales Margin	14.2%	13.3%		13.7%	12.9%		16.8%	15.7%	
Profit Before Tax	105.1	93.8	(10.8%)	85.1	77.8	(8.6%)	19.9	15.9	(20.1%)
Profit After Tax and Minority Interest	69.5	62.8	(9.6%)	56.6	51.2	(9.6%)	12.8	11.5	(9.6%)
Earnings Per Share	8.2	7.4	(9.6%)	6.7	6.0	(9.6%)	1.5	1.4	(9.6%)

Page 18 details a reconciliation between Headline Results and Reported Earnings.

(1) Prior year figures adjusted on a like-for-like basis for the impact of AASB 16 Leases (excluding Leverage Ratio) and removal of discontinued operations.

(2) Discontinued Business includes the results of the two major units disposed in 2019 - Kantar and Ogilvy NZ:

- Ogilvy NZ was held from 1 January 2019 to 9 August 2019 (approximately a 7 month period), and
- The Kantar businesses were held from 1 January 2019 to 6 December 2019 (approximately an 11 month period).

FULL YEAR RESULTS BY SEGMENT

FULL YEAR 2019

\$AUD'M	NET SALES			HEADLINE EBIT			HEADLINE MARGIN	
	2019	\$ CHANGE (*)	% CHANGE (*)	2019	\$ CHANGE (*)	% CHANGE (*)	2019	% CHANGE (*)
Global Integrated Agencies (1)	481.8	(15.6)	(3.1%)	61.1	(9.2)	(13.0%)	12.7%	(1.4%)
Public Relations & Public Affairs	56.3	(4.0)	(6.6%)	11.5	(0.6)	(5.3%)	20.4%	0.3%
Specialist Communications	155.4	1.2	0.8%	25.7	0.2	0.7%	16.6%	0.1%
Large Format Production	19.0	(1.0)	(5.1%)	(6.5)	0.9	11.9%	(34.2%)	2.6%
Total Continued Operations	712.5	(19.4)	(2.6%)	91.8	(8.8)	(8.7%)	12.9%	(0.8%)
Discontinued Operations (2)	106.9	(18.6)	(14.8%)	16.8	(4.3)	(20.5%)	15.7%	(1.1%)
Total	819.4	(38.0)	(4.4%)	108.6	(13.1)	(10.7%)	13.3%	(0.9%)

(1) The Global Integrated Agencies segment was previously named the Advertising and Media Investment Management segment. This segment name has been changed to align with the revised WPP plc reported segments.

(2) Discontinued Business includes the results of the two major units disposed in 2019 - Kantar and Ogilvy NZ:

- Ogilvy NZ was held from 1 January 2019 to 9 August 2019 (approximately a 7 month period), and
- The Kantar business was held from 1 January 2019 to 6 December 2019 (approximately an 11 month period).

(*) Prior year figures adjusted on a like-for-like basis for the impact of AASB 16 Leases.

HEADLINE EARNINGS

CONTINUING OPERATIONS

Staff cost ratio driving margin decline. Campus strategy delivering tangible benefits

31 DECEMBER \$AUD'M	2018 (*)	2019	CHANGE
Net sales	731.9	712.5	(2.6%)
Income from associates	6.6	8.7	
Staff Costs	(483.1)	(481.9)	
Establishment Costs	(48.5)	(42.6)	
General & Administration Costs	(106.3)	(104.9)	
Total Operating Costs	(637.9)	(629.4)	
Earnings before interest and tax	100.6	91.8	(8.7%)
Net finance costs	(12.3)	(10.9)	
Net finance costs – AASB 16 Leases	(3.1)	(3.1)	
Profit before tax	85.1	77.8	(8.6%)
Tax	(21.6)	(21.3)	
Profit after tax	63.5	56.5	(11.0%)
Minority Interests	(6.9)	(5.3)	
Profit after tax and minorities	56.6	51.2	(9.6%)
EPS	6.7 cents	6.0 cents	(9.6%)

31 DECEMBER \$AUD'M	2018 (*)	2019
Staff Costs to Net Sales %	66.0%	67.6%
EBIT to Net Sales Margin %	13.7%	12.9%
EBITDA (\$'million) excl. AASB 16 Leases	116.7	106.5
EBITDA (\$'million)	131.3	128.5

- Staff costs to revenue ratio driving margin decline in 2019. Attributed to the Global Integrated Agencies.
- Establishment cost reduction resulting from Campus strategy with consolidation of offices amongst brands in the Melbourne, Sydney and Brisbane markets.
- Reduced interest expense through better cash collection over the year.

(*) Prior year figures adjusted on a like-for-like basis for the impact of AASB 16 Leases and Discontinued operations.

SALE OF KANTAR BUSINESSES

- Kantar transaction completed on 6 December 2019.
- Transaction valued Kantar at \$168 million - multiple of 8.2x Kantar's 2019 budgeted EBITDA.
- Proceeds on completion were \$158.7m. Tax relating to the Kantar transaction of c.\$5m to be paid in 2020.
- On a 2018 pro-forma basis, the transaction will reduce the Company's annual net sales by \$104 million and EBITDA by \$19.7 million. The EBITDA is adjusted for the proportionate greater share of the global brand service fee payable by Kantar. The impact of the transaction represents a c. 9.2% reduction on 2018 pro forma earnings per share.
- Post completion of the transaction, WPP AUNZ's global brand service fee payable to WPP plc has reduced to 2.31% of global brand net sales (previously 3.28%). This represents a permanent annual benefit to the Company.
- Proceeds have initially been used to repay debt, resulting in a reduced leverage ratio of 1.1x.
- WPP AUNZ will continue to retain a close relationship with Kantar.

CAPITAL MANAGEMENT

\$50 million Special Dividend Program to be paid over the next four dividends

- As a result of the Kantar proceeds and the reduced leverage ratio, the Board has announced a \$50 million capital management program comprising special dividends of 1.5 cents per share (fully franked) to be paid for at least the next four dividends (i.e. every six months) commencing with the current dividend payment. Ensures we have the flexibility to invest in the Company's transformation project.
- This special dividend program is in addition to our ordinary dividend which will continue to be declared on the basis of our stated dividend payout ratio policy of 60 - 70% of headline earnings per share.
- The Board believes it has struck an appropriate and initially conservative balance in rewarding our shareholders in the context of the current under levered balance sheet and ensuring there is capacity to support the new strategic plan.
- We will continually review our capital management strategy having regard to how our leverage ratio moves with the increased dividend payments, our investment in the transformation strategy and the earnings delivery and outlook for the business.
- Following our focus on re-shaping the business over the coming years and driving change, when our EBITDA returns to growth in the short-term we will look to distribute further amounts to our shareholders. We are very confident that business growth in the coming years is achievable based on the CEO's new strategy, the strength of our brands, and our ability to attract and retain the best people.

DIVIDENDS AND CAPITAL MANAGEMENT

6% uplift in total 2019 Dividends

	31 DEC 2016	31 DEC 2017	31 DEC 2018	31 DEC 2019
Interim dividend	2.1	2.1	2.3	2.3
Final dividend	3.9	4.2	4.0	2.9
Total Ordinary Dividend (cents)	6.0	6.3	6.3	5.2
Special Dividend	-	-	-	1.5
Total Dividends per share (cents)	6.0	6.3	6.3	6.7
Earnings per share (cents) – Total Business	9.5	9.8	8.4	7.4
Ordinary Dividend Payout ratio %	63%	64%	75%	70%
Ordinary Dividend cash outlay (\$ million)	51.1	53.6	53.6	44.3
Special Dividend cash outlay (\$ million)	-	-	-	12.8
Total Dividend cash outlay (\$ million)	51.1	53.6	53.6	57.1

- 2019 full year ordinary dividend of 5.2 cents per share, fully franked (2018: 6.3 cents per share).
- Ordinary dividend payout ratio of 70% of headline earnings.
- Targeted full year dividend payout ratio of 60% to 70% of headline earnings per share.
- Special dividend of 1.5 cents per share (fully franked) for at least the next four dividends (i.e. every six months) commencing with the current dividend payment on 7 April 2020.
- Dividend record date – 31 March 2020; Dividend payment date – 7 April 2020.

BALANCE SHEET, LEVERAGE & CASHFLOW



BALANCE SHEET

Maintained strong net working capital position. Kantar transaction proceeds drives net debt improvement

AUD \$'M	31 DEC 2017	31 DEC 2018	31 DEC 2019
Cash ^(a)	111.2	63.5	74.8
Net working capital	(40.6)	(62.8)	(61.8)
Investments accounted for using the equity method	23.4	21.9	19.9
Intangibles	1,235.4	1,187.5	721.8
AASB 16 Leases - Right-of-Use Asset	-	-	91.7
Other Assets	126.7	117.6	127.5
TOTAL ASSETS	1,456.1	1,327.7	973.9
Bank Debt ^(b)	(338.8)	(315.0)	(192.0)
Lease Liability ^(b)	(2.7)	(1.7)	-
AASB16 Leases – Lease Liability	-	-	(106.3)
Earnouts ^(c)	(19.7)	(17.1)	(4.2)
Other Liabilities	(235.0)	(217.1)	(177.2)
TOTAL LIABILITIES	(596.2)	(550.9)	(479.7)
NET ASSETS	859.9	776.8	494.2
Net debt ^(b-a)	230.3	253.2	117.2
Net debt including earnouts ^(b+c-a)	250.0	270.3	121.4

- Negative net working capital of \$61.8 million at Dec-2019 driven by strong cash collections across the media business.
- Intangible assets of \$721.8 million decreased as a result of \$298.7 million impairment of goodwill and acquired intangibles, \$22.3 million of amortisation as well as \$150.0 million of disposals (Kantar and Ogilvy NZ).
- Net debt including earnouts of \$121.4 million improved by \$148.9 million from Dec-2018 (\$270.3 million). Net debt benefit of proceeds from the sale of Kantar in December 2019.
- AASB 16 Leases Right-of-use asset and lease liability has been recognised for the first time in 2019 and will unwind over the term of the leased assets impacted by the new accounting standard.

INTANGIBLE ASSET IMPAIRMENT - ANNOUNCED AT 30 JUNE 2019

- As announced in the 2019 half year results, the Company has taken an impairment charge following a review of the carrying value of the group's assets. No further goodwill impairments were recorded in the second half of 2019.
- The impairment charge represents a write down of circa 25% of the intangible asset value contained in the balance sheet at 31 December 2018.
- The impairment charge is non-cash in nature and has no impact on the company's debt facilities, compliance with bank covenants or its ability to undertake capital management initiatives.
- The impairment of Goodwill and Brand Names in the Global Integrated Agencies segment has been driven by a re-assessment of future cashflows and growth rates. This reflects the segment's current performance and future earnings outlook. The impairment of Customer Relationships reflects a reassessment of the length of customer engagements.
- The impairment within the Data Investment Management segment reflects an adjustment to the carrying value of the assets to be in line with the Kantar sale value.

31 DECEMBER 2019 AUD \$'M	GLOBAL INTEGRATED AGENCIES	DATA INVESTMENT MANAGEMENT	SPECIALIST COMMUNICATIONS	TOTAL
Impairment of intangible assets				
Goodwill	147.7	37.0	-	184.7
Brand Names	65.3	3.4	-	68.7
Customer Relationships	36.7	3.9	3.6	44.2
Total impairment of intangible assets (pre-tax)	249.7	44.3	3.6	297.6
Taxation on Brand Names and Customer Relationships	(30.6)	(2.2)	(1.1)	(33.9)
Total impairment of intangible assets (post-tax) *	219.1	42.1	2.5	263.7

Goodwill – represents the unidentifiable intangible assets acquired through acquisitions.

Brand Names - represents the brand names acquired predominately as part of the acquisition of WPP plc owned entities in 2016.

Customer Relationships - represents the customer relationships acquired predominately as part of the acquisition of WPP plc owned entities in 2016.

* Impairment of intangible assets for Discontinued Operations of \$51.2 million includes \$42.1 million for the Data Investment Management segment plus a further \$9.1 million included within the Global Integrated Agencies segment for Ogilvy NZ.

DEBT FACILITIES AND LEVERAGE RATIO

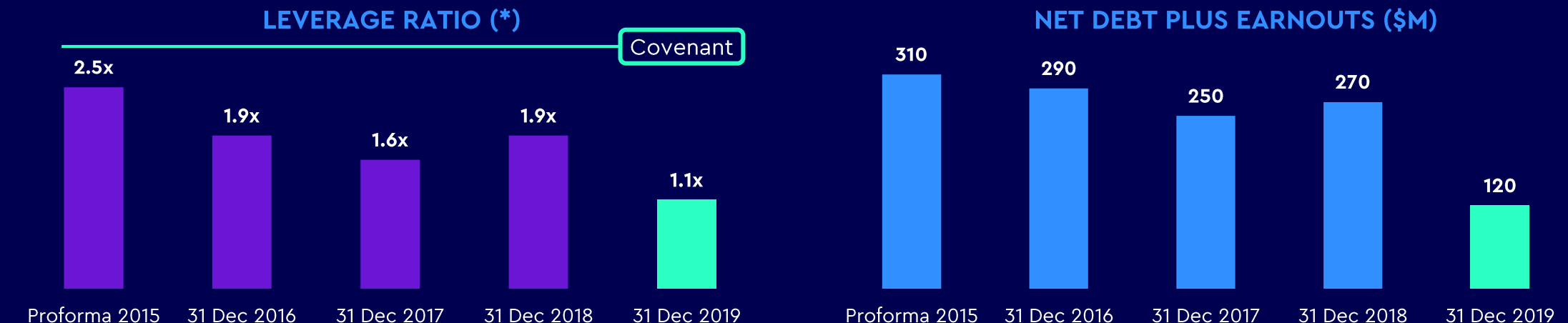
Debt facilities of \$420 million. Leverage ratio at 1.1x, driven by receipt of Kantar transaction proceeds

SYNDICATED DEBT FACILITY

- Disposal of Kantar led to a reduction in debt facilities of \$100 million in December 2019 in accordance with banking agreements.
- Revised debt facility of \$420 million (2018: \$520 million) with a syndicate of 5 banking partners.
- Maturity profile:
 - **\$270 million** – 2 year term maturing June 2021;
 - **\$150 million** – Rolling annual working capital facility expiring 29 June 2020.

LEVERAGE RATIO ON CONTINUING BUSINESS

- Continuing Business Leverage ratio of 1.1x at 31 December 2019 (Total Business Leverage ratio of 1.9x at 31 December 2018).
- Lower leverage a result of proceeds from the Kantar transaction being used to repay debt.
- Capital management program of \$50 million over 2 years announced. We will continually review our capital management strategy having regard to how our leverage ratio moves with the increased dividend payments, our investment in the transformation strategy and the earnings delivery and outlook for the business.
- Continuing Business Leverage ratio calculated as Net Debt including earnouts divided by Continuing Business EBITDA.
- There is material headroom in the banking covenants due to the requirement for a leverage ratio of less than 3.0x.



* 31 Dec 2019 Leverage Ratio calculated as Total Business Net Debt plus earnouts divided by Continuing Business EBITDA. 31 Dec 2018 reported leverage based on Total Business EBITDA was 1.9x. Proforma 31 Dec 2015, 31 Dec 2016, 31 Dec 2017 and 31 Dec 2018 are calculated as Total Business Net Debt divided by Total Business EBITDA.

CASHFLOW

Strong cashflow conversion of 98% over the last 24 months

KEY MEASURES - AUD \$'M	12 MONTHS TO 31 DEC 2018 (*)	12 MONTHS TO 31 DEC 2019	LAST 24 MONTHS TOTAL
Statutory EBITDA	152.2	143.8	296.0
Net change in working capital and non-cash items	9.4	(14.1)	(4.7)
Net cash generation from operations	161.6	129.7	291.3
Net interest expense	(16.5)	(14.8)	(31.3)
Tax received/(paid)	(53.9)	(24.9)	(78.8)
Net cash generation from operating activities	91.2	90.0	181.2
Capital expenditure and amounts to related parties	(24.2)	(15.4)	(39.6)
(Acquisitions)/disposals			
- Net disposal proceeds **	-	163.5	163.5
- Net acquisition payments	(20.8)	(5.5)	(26.3)
- Earnout payments	(3.1)	(13.2)	(16.3)
Net cash flow before financing and distributions	43.1	219.4	262.5

KEY THEMES

- Average cash conversion over last 24 months of 98% of EBITDA.
- Capital expenditure is in line with the depreciation expense and is driven by leasehold improvement expenditure for campuses in 2019.
- Net disposal proceeds is net cash received from disposal of Kantar, Ogilvy NZ, Yellow Edge and Smollan.
- Net acquisition payments relate to a step up in acquisitions in entities that had minority interest shareholdings. Part of group simplification.

* Prior year figures adjusted on a like-for-like basis for the impact of AASB 16.

** Net disposal proceeds mainly relates to disposal of Kantar and Ogilvy NZ.

APPENDIX



HEADLINE TO REPORTED EARNINGS

	TOTAL BUSINESS		CONTINUING BUSINESS		DISCONTINUED BUSINESS	
31 DECEMBER \$AUD'M	2018	2019	2018	2019	2018	2019
Headline profit after tax and minorities	69.5	62.8	56.6	51.2	12.8	11.5
AASB 16 Adjustments	2.0	-	2.0	-	-	-
Significant one-off costs						
Gain/(loss) on disposal of subsidiaries and associates	-	1.6	-	(3.0)	-	4.6
Impairment expense *	(62.5)	(268.5)	(62.5)	(217.2)	-	(51.3)
Amortisation of intangible assets	(14.0)	(15.1)	(10.5)	(12.8)	(3.5)	(2.3)
Gain on fair value adjustment of earnouts	0.6	0.7	0.6	0.7	-	-
Business restructure and other one-off costs	(12.7)	(9.1)	(11.3)	(8.3)	(1.4)	(0.8)
Reported (loss)/profit after tax and minorities	(17.1)	(227.6)	(25.1)	(189.4)	8.0	(38.2)

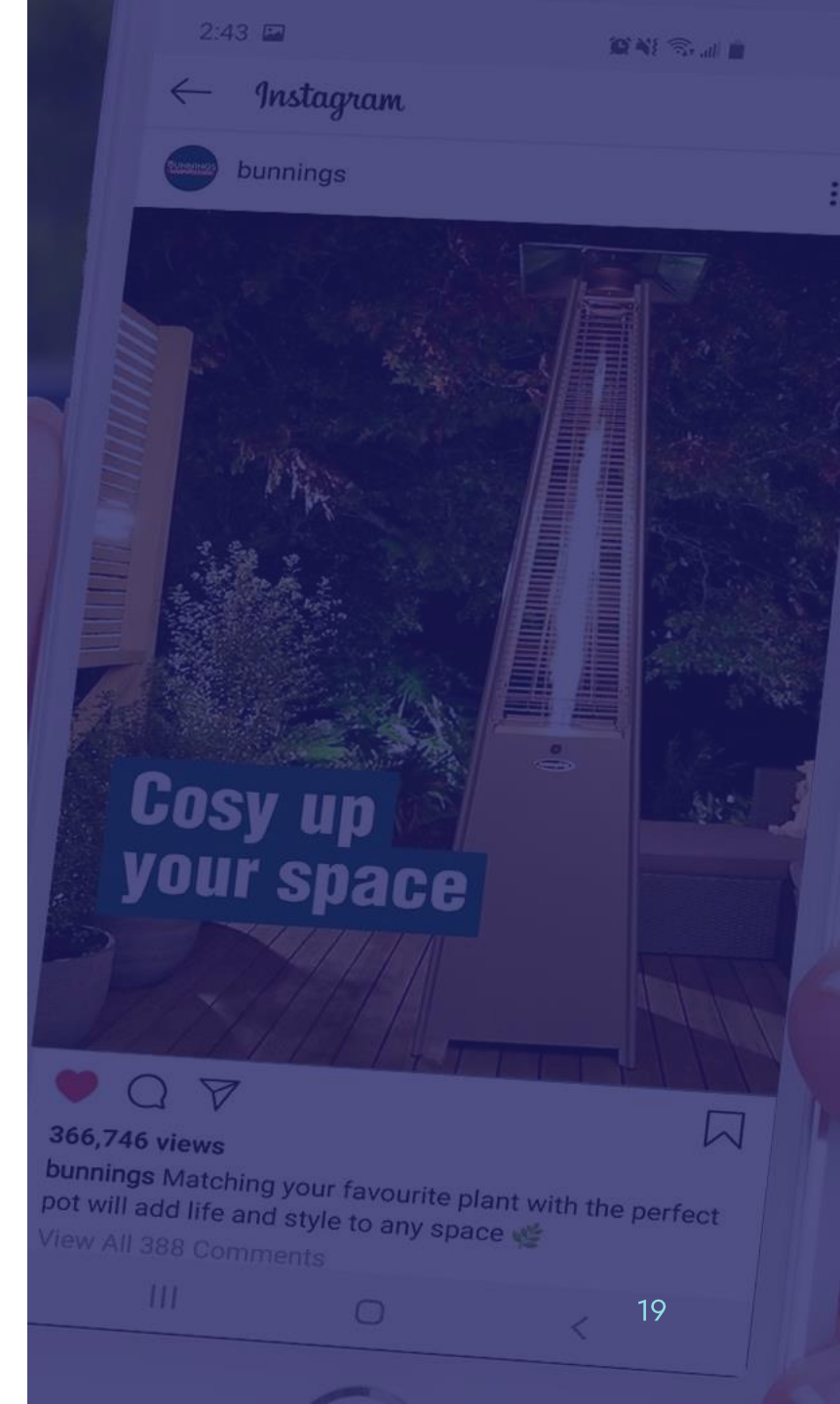
- The impairment expense relates to the impairment of brand names, customer relationships and goodwill across the group.
- The amortisation expense in 2019 relates to the amortisation of intangible assets acquired predominantly as part of merger with WPP plc's Australian and New Zealand entities.
- The gain on disposal of subsidiaries and associates relate to the disposal of Kantar, Ogilvy NZ, Smollan and Yellow Edge in 2019.
- The business restructure costs relate to the co-location of offices, right-sizing of operations and other one-off costs associated with the merger of certain brands within the group.

* Impairment expense for 2019 includes \$263.7 million (post tax) impairment of intangible assets plus a further \$4.8 million impairment of other assets.

AASB 16 LEASES – OVERVIEW

AASB 16 LEASES EFFECTIVE 1 JANUARY 2019

- All leases treated the same. No differentiation between operating and finance leases.
- Primary impact for the Company is property leases.
- All leases are now on the balance sheet. Exceptions are short term and low value leases.
- Balance sheet gross up at 31 December 2019 includes a \$91.7 million right-of-use asset and a \$106.3 million lease liability shown on the balance sheet.
- Right-of-use asset = lease liability plus lease payments prior to commencement plus direct costs plus costs to restore the site less incentives.
- Lease liability = present value of future lease payments.
- Higher total expense initially as interest is front loaded.



AASB 16 LEASES

IMPACT OF NEW ACCOUNTING STANDARD

31 DECEMBER HEADLINE RESULTS \$AUD'M	2018 REPORTED	AASB 16 ADJUSTMENTS	2018 ADJUSTED	2019 EXCL. AASB 16	AASB 16 ADJUSTMENTS	2019 REPORTED
Net sales	857.4		857.4	819.4		819.4
Operating lease expense	(18.9)	18.9	-	(25.7)	25.7	-
Short term lease expense	(24.2)		(24.2)	(12.7)		(12.7)
Other Costs	(675.0)		(675.0)	(658.2)		(658.2)
EBITDA	139.3	18.9	158.2	122.9	25.7	148.6
Depreciation/Amortisation	(18.3)	(18.2)	(36.5)	(16.1)	(23.9)	(40.0)
Earnings before interest and tax	121.0	0.7	121.6	106.8	1.8	108.6
Net finance costs	(13.1)		(13.1)	(11.3)		(11.3)
Net finance costs - AASB 16	-	(3.5)	(3.5)	-	(3.4)	(3.4)
Profit before tax	107.9	(2.8)	105.1	95.4	(1.6)	93.8
Tax	(28.8)	0.8	(28.0)	(25.9)	0.5	(25.4)
Profit after tax	79.1	(2.0)	77.1	69.5	(1.1)	68.4
Minority Interests	(7.6)		(7.6)	(5.6)		(5.6)
Profit after tax and minorities	71.5	(2.0)	69.5	63.9	(1.1)	62.8
EPS	8.4 cents	-0.2 cents	8.2 cents	7.5 cents	-0.1 cents	7.4 cents

- The implementation of AASB 16 Leases will significantly change reported results however will have no economic impact upon the Group, its cashflows, or shareholder value.
- The operating leases impacted for the Group are primarily property leases for employee office space.
- EBITDA will materially increase as a result of operating lease expense being replaced by depreciation and interest costs.
- AASB 16 2019 operating leases increase versus 2018 due to higher quantity of recently renewed leases (more than 12 months to expire) while 2018 includes higher quantity of short term leases (less than 12 months to expire) not part of AASB 16.
- Profit before tax in both 2018 and 2019 full years are overall adversely impacted. Over the life of the leases, the cumulative net impact on profit after tax and minorities will be \$Nil.

HEADLINE RESULTS

IMPACT OF DISCONTINUED OPERATIONS

31 DECEMBER \$AUD'M	2018 TOTAL BUSINESS	DISCONTINUED	2018 CONTINUING	2019 TOTAL BUSINESS	DISCONTINUED	2019 CONTINUING
Net sales	857.4	125.5	731.9	819.4	106.9	712.5
Income from associates	6.6	-	6.6	8.7	-	8.7
Total Operating Costs	(742.3)	(104.5)	(637.9)	(719.6)	(90.2)	(629.4)
Earnings before interest and tax	121.6	21.1	100.6	108.6	16.8	91.8
Net finance costs	(16.5)	(1.1)	(15.4)	(14.8)	(0.8)	(14.0)
Profit before tax	105.1	19.9	85.1	93.8	15.9	77.8
Tax	(28.0)	(6.4)	(21.6)	(25.4)	(4.0)	(21.3)
Profit after tax	77.1	13.5	63.5	68.4	11.8	56.5
Minority Interests	(7.6)	(0.7)	(6.9)	(5.6)	(0.3)	(5.3)
Profit after tax and minorities	69.5	12.8	56.6	62.8	11.5	51.2
EPS	8.2 cents	1.5 cents	6.7 cents	7.4 cents	1.4 cents	6.0 cents
EBITDA excl. AASB16	140.0	23.3	116.7	125.1	18.6	106.5
EBITDA	158.2	26.9	131.3	148.6	20.1	128.5
Management Fee	20.3	9.1	11.2	19.9	8.1	11.9
% of Net sales	3.28%	7.28%	2.31%	3.28%	7.52%	2.31%

Note. Discontinued operations include the Kantar businesses for Australia and New Zealand, and Ogilvy NZ.