



ASX Release

8 November 2019

Sydney, Australia

General Meeting relating to the Sale of Kantar AUNZ

Chairman's Address – Robert Mactier

Slide 2 "Purpose of today's meeting"

A reminder that the reason for today's meeting is for our shareholders to vote on the proposed sale of our Kantar businesses in Australia and New Zealand to WPP plc

Slide 3 "Background"

It is helpful to understand the background to the transaction that we are seeking your vote on today.

In October 2018, WPP plc our majority shareholder, announced that it was reviewing its Kantar business to determine how best to unlock its potential and maximise shareholder value. At that time, the Board of WPP plc decided that the best way forward would be to find a strategic or financial partner for Kantar and as a result it embarked on a competitive global process to identify a new majority shareholder for Kantar



Consistent with our obligations in relation to related party transactions, your Board established a subcommittee of Independent Directors to evaluate the options for the Australian and New Zealand Kantar businesses including an appropriate response to WPP's announcement and to determine the best path forward for WPP AUNZ.

In July this year, WPP plc announced an agreement to sell 60% of the Kantar global business to Bain Capital for circa 3.2 billion pounds.

Having reviewed the terms of the Global Transaction, the Independent Directors of WPP AUNZ concluded that participating in the global transaction via the sale of 100% of Kantar in Australia and New Zealand would be a superior outcome for shareholders compared to other alternatives.

The transaction we agreed values Kantar's Australia and New Zealand businesses at a headline valuation of \$168 million, and was struck on equivalent financial terms to the global transaction, namely 8.2x Kantar's headline forecast EBITDA for 2019.

On the 1st of October a Notice of Meeting, outlining full details of the proposed sale and an Independent Expert evaluation was sent to shareholders of WPP AUNZ.

WPP plc's shareholders approved the global transaction on 24 October with a vote in favour of 99.99%. Completion of the global transaction remains subject to a number of conditions precedent.

Slide 4 "Steps to Approval and Completion"



The sale of WPP AUNZ's interest in Kantar in Australia and New Zealand is subject to completion of the global transaction as well as approval by our shareholders today.

Speaking on behalf of the independent Directors, we are satisfied that the sale of Kantar by WPP plc was a competitive global process, and the sale between WPP AUNZ and WPP plc has proceeded on arm's length commercial terms and on equivalent financial terms to the Global Transaction. I should note that our sale to WPP is an interim step to enable WPP to include our Kantar business in the newly established joint venture with Bain Capital.

Further, the Independent Expert Report prepared by PWC that was commissioned by the Independent Board Sub Committee on behalf of non-associated shareholders has opined that the sale is fair and reasonable.

If the sale is approved today, we expect completion to occur no later than the first quarter of 2020, and hopefully earlier depending on timing of receipt of international approvals.

Slide 5 "Rationale"

The Independent Directors believe that participating in the Global Transaction has achieved an attractive financial outcome for our shareholders and it is a superior outcome compared to the other alternatives to either:

- Independently sell the Kantar Australian and New Zealand businesses;
Or
- Retain and operate those businesses separately from the global Kantar business



Importantly, the sale will reduce WPP AUNZ's gearing to below the current target gearing ratio of 1.5x – 2.0x net debt/EBITDA. This will provide capacity for us to invest in support of the new strategic plan that Jens is developing as well as enabling a return of funds to shareholders through either capital management initiatives and, or, dividends.

The sale of the Kantar business in Australia and New Zealand will also support our goal of continuing to simplify our corporate structure.

Importantly, post the sale, we expect to continue to maintain a close working relationship with Kantar in Australia and New Zealand and will continue to work collaboratively with them where it makes sense for our business to do so.

Slide 6 “Financial Outcomes”

Turning to the financial outcomes of the sale.

As I have said, the sale values Kantar's Australian and New Zealand businesses at \$168 million based on the global transaction valuation of 8.2x Kantar's 2019 budgeted EBITDA.

Proceeds from the sale after transaction costs and restructuring liabilities are expected to be circa \$150 million.

Using pro-forma 2018 numbers, the financial impact of the sale on WPP AUNZ would be a reduction in net sales of \$104 million and a reduction in EBITDA of \$19.7 million.

The global brand service fee that we pay to WPP plc will reduce to 2.31% per annum of global brand net sales from the current 3.28%. This would represent a 2018 pro-forma EBITDA increase of \$5.2 million and a permanent positive financial benefit for the company going forward.

If the sale proceeds were used solely to reduce debt, on a pro-forma basis, this would mean earnings per share would decrease by approximately 9.2% and importantly the company's leverage ratio would reduce to circa 1.1x

As previously announced there is a one-off, non-cash accounting loss of \$44 million that has already been recognised as an impairment charge in the 2019 half year results in August.

Slide 7 “Use of Sale Proceeds”

If approved today, the Board will consider the appropriate amount of sale proceeds to return to shareholders, including the most efficient way and timeframe in which to do so.

In making this decision, the Board will take into consideration:

- Our year end leverage position and our targeted gearing ratio going forward
- Our 2020 budget as well as the broader economic and market outlook for 2020
- Capital that may be required to support the strategic plan being developed by Jens
- The amount of retained franking credits available
- And, the construct of share register, and various expectations of our shareholders

The Board expects to announce a definitive plan in relation to the use of proceeds in conjunction with the release of the full year results in February next year.

Slide 8 “Summary”

I conclude by saying that the Independent Directors **unanimously** believe that the sale is in the best interests of the company and the non-associated WPP shareholders.

As I highlighted earlier, the Independent Expert Report has determined that the sale is fair and reasonable for non-associated shareholders.

On behalf of the Independent Directors, we unanimously recommend that Shareholders vote in favour of the resolution and we intend to vote all shares held or controlled by us in favour of the Resolution.

Outlook

Before we turn to the resolution and proxy votes received, I’d like to make a brief comment about the outlook for the remainder of this calendar year.

Our Q3 reforecast together with our October month flash numbers, which were only received yesterday, are supportive of the guidance that we gave to the market with the half year results in August. That said, we note that the broader media spend market continues to be weak and we remain vigilant.

Please note that this guidance relates to the consolidated group as it is currently structured. At our full year results, given the sale of Kantar,



regardless of timing of completion, we will be obliged to present our results on a continuing and discontinuing business basis.

Thank you



GENERAL MEETING

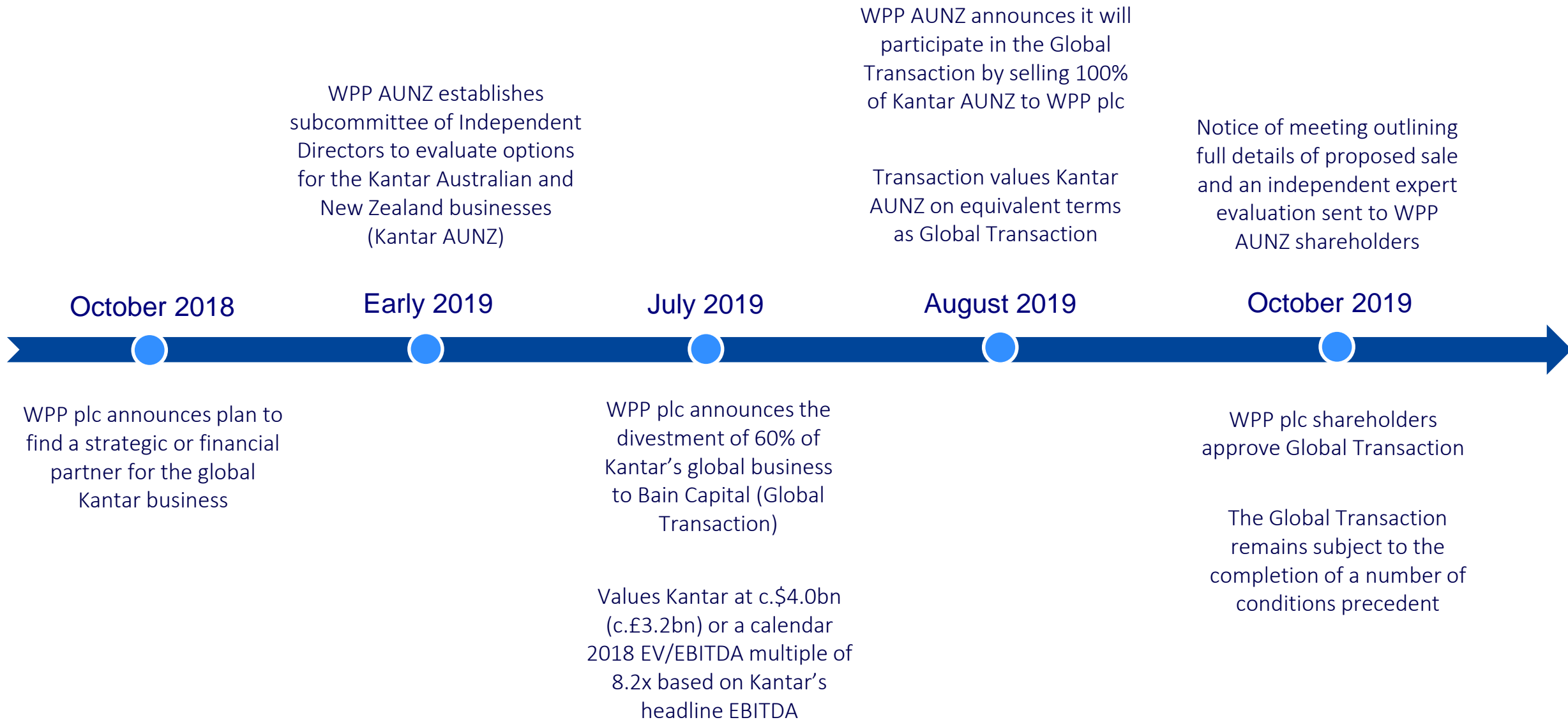
8 NOVEMBER 2019

PURPOSE OF TODAY'S MEETING



The purpose of today's meeting is for WPP AUNZ's shareholders to vote on the proposed sale of our Kantar businesses in Australia and New Zealand to WPP plc.

BACKGROUND



STEPS TO APPROVAL AND COMPLETION

- The sale of Kantar AUNZ subject to completion of the Global Transaction and approval by WPP AUNZ shareholders today
- The Independent Directors satisfied that sale of Kantar was a competitive global process and transaction between WPP AUNZ and WPP plc proceeded on arm's length commercial terms
- The Independent Expert Report for the non associated shareholders of WPP AUNZ, has opined that **the sale is fair and reasonable**
- Completion is expected to occur no later than Q1 2020, dependent on receipt of international regulatory approvals

RATIONALE

- ✓ Superior outcome compared to other major alternatives of either:
 - Independently selling the Kantar AUNZ businesses, or,
 - Retaining and operating businesses separately from the global Kantar business
- ✓ Reduce gearing to below target gearing levels, thereby providing capacity to:
 - Invest in the CEO's new strategic plan
 - Return capital to shareholders through capital management initiatives and/or increased dividends
- ✓ Further simplify WPP AUNZ's corporate structure
- ✓ Opportunity to maintain a close working relationship with Kantar AUNZ, but not obligated to do so

FINANCIAL OUTCOMES

- Transaction values Kantar's AUNZ at a headline value of \$168 million, a multiple of 8.2x Kantar's 2019 budgeted EBITDA
- Cash proceeds on completion, after transaction costs, and provision for restructure liabilities, expected to be c.\$150 million
- Post completion of the transaction, WPP AUNZ's global brand service fee payable to WPP plc will reduce to 2.31% of global brand net sales (previously 3.28%), representing a permanent annual benefit
- On a proforma 2018 basis, net sales for WPPAUNZ would reduce by \$104 million and EBITDA would reduce by \$19.7 million
- If sale proceeds were used solely to reduce debt, on a pro-forma basis, EPS would decrease by circa 9.2% and leverage ratio reduce to circa 1.1x
- Sale will lead to an estimated one-off, non-cash, accounting loss of \$44 million, which has been recognised as an impairment charge in the 2019 half year result

USE OF SALE PROCEEDS

- The Board is currently considering the appropriate quantum of sale proceeds to return to shareholders, as well as the most efficient manner and appropriate timeframe in which to do so.
- In making this assessment, the Board will take into consideration:
 - The 2019 year end leverage position and the targeted gearing ratio going forward
 - The budget and broader economic outlook for 2020
 - The capital that may be required to support the new strategic plan
 - The quantum of retained franking credits
 - The expectations of our shareholders and the construct of our share register
- Board expects to announce the planned use of proceeds with the full year results on 24 February 2020

SUMMARY

- The Independent Directors unanimously believe that the sale is in the best interests of the Company and non-associated Shareholders as a whole
- The Independent expert report has determined that the **sale is fair and reasonable**

The Independent Directors unanimously recommend that Shareholders vote in favour of the Resolution and intend to vote all Shares held or controlled by them in favour of the Resolution.

RESOLUTION: APPROVAL OF SALE OF KANTAR AUNZ BUSINESS

That for the purposes of Listing Rule 10.1 and for all other purposes, approval is given for the Company to complete the sale on the terms set out in the Explanatory Statement accompanying the Notice of Meeting.

	NUMBER OF PROXIES	%
For	226,060,807	94.29
Chair’s Proxies	1,107,839	.46
TOTAL FOR RESOLUTION	227,168,646	94.75%
Against	12,582,255	5.25
TOTAL VALID PROXIES	239,750,901	100%



APPENDIX

ABOUT WPP AUNZ

Operating across Australia, New Zealand and South-East Asia, WPP AUNZ is the region's leading creative transformation agency

We are an ASX listed company (ASX:WPP) with a market capitalisation of ~\$450 million

- Formed in April 2016 through the merger of STW Group with the Australian and New Zealand businesses of WPP plc
- WPP plc is a majority shareholder at 61%

Operate across 70 strong brands, blending key global WPP companies, with a host of unique and strong local companies

- ~4,500 people in 12 campuses across Australia and New Zealand
- Focussed on advertising, media, data analytics, public affairs, marketing technology and specialist communications, which together, generate combined revenues of \$857 million (FY18)

High quality customer base comprising blue-chip corporates, not-for profits and global companies, built on long-term relationships



ABOUT KANTAR AUSTRALIA AND NEW ZEALAND



- Kantar is a global provider of market research, data and insights services that operates globally under a number of different Kantar brands
- Kantar within Australia and New Zealand comprises the WPP AUNZ's Data Investment Management cluster of businesses, comprising:
 - Kantar Consulting
 - Colmar Brunton
 - Lightspeed; and
 - The Online Research Unit

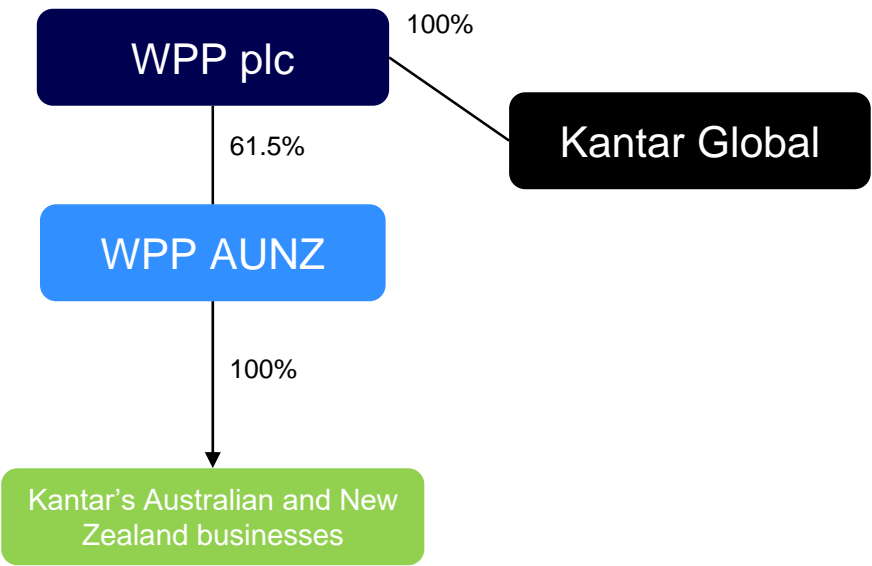
Financial Overview

31 December 2018 (\$million)	WPP AUNZ	Kantar ANZ Business	WPP AUNZ excl. Kantar ANZ Business
Net Sales	857.3	105.2	752.2
Earnings before interest, tax, depreciation and amortisation	139.3	19.7	119.6
Earnings before interest and tax	121.0	17.9	103.1

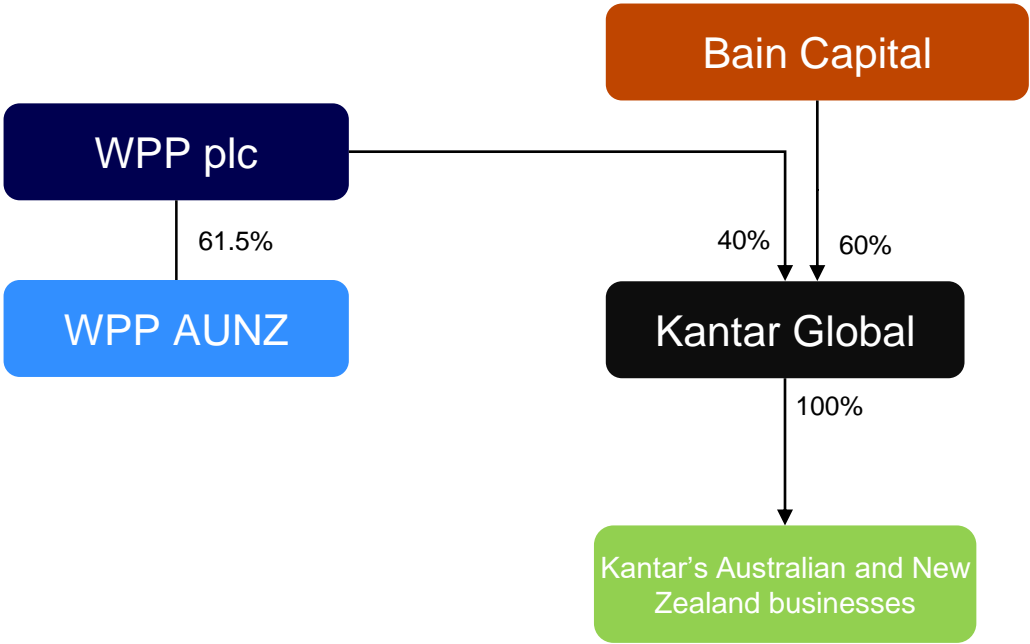
BEFORE AND AFTER

Simplified overview of ownership before and after the proposed transaction

Before the proposed transaction



After the proposed transaction



Note. Detailed ownership charts are available on page 10 and 11 of the Notice of Meeting and Explanatory Memorandum.