

ASX Release - Updated Market Guidance

23 October 2018

WPP AUNZ Limited ["WPP AUNZ"] [ASX: WPP] announced today that based on its trading performance to September 2018, it expects its full year results for the year ended 31 December 2018 to be below its current guidance of 3% growth in earnings per share.

The company's current outlook for the full year ended 31 December 2018 is outlined below:

	31 Dec 2017 \$million	Full Year 2018 Headline Expectation
Net sales	869.9	Decline 1%-2%
Earnings per share (cents)	9.8	Decline of 12%-15%

The revised 2018 forecast is based on our August and September trading performance and latest outlook for the remainder of the year based on our recently completed Q3 reforecast process.

While the group overall is down, we are seeing varied performance across our operating segments. Our digital, PR and media businesses are strong and are all experiencing growth in the year.

However, this growth has unfortunately been offset by the underperformance of certain production businesses and creative agencies with some 60 per cent of the reported decline against 2017 attributed to just two businesses. The turnaround and restructure of these businesses is well advanced.

As the company flagged at the half year results on 24 August, the market environment has been challenging, particularly in retail and consumer facing sectors. As a result, certain WPP AUNZ agencies have seen a reduction in client marketing spend and new business ambitions have not been achieved.

ADG, one of our production businesses, has significant exposure to key retail clients. We have commenced a restructure of specific units within the ADG business, which is expected to be completed by the end of the year.

Also impacting the production division was the final stage of investment costs associated with Hogarth. WPP AUNZ is committed to Hogarth as a future growth driver and the company is accelerating the integration of Hogarth across all of the operating companies.

The landscape of our industry is changing rapidly, and we are evolving our service offering and capabilities to be an invaluable partner to our clients. As part of this ambition, we will continue to review our portfolio of companies and accelerate the merger of brands that we believe together, can build more meaningful scale and enhance their service offerings to clients. The latest example of this program is the merger between VML and Y&R, combining businesses with complementary strengths spanning creative, technology and data services.

The revised 2018 guidance excludes the potential impact of any restructure costs, non-cash impairment charges and amortisation of goodwill.

There will be a conference call for analysts and investors at 9.30am [Sydney time]. The call details are outlined below:

Phone number: 1800 896 323

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For more information about WPP AUNZ please refer to our website www.wppaunz.com or contact:

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