



ASX Release

Trading Update and Scheme Update – FY21 outlook reaffirmed

Sydney, Australia – 9 April 2021

WPP AUNZ Limited (“WPP AUNZ”) (ASX: WPP), Australasia’s leading creative transformation company, today provides a trading update based on its results for the first quarter to 31 March 2021. The purpose of today’s update is to keep the market informed of WPP AUNZ’s year-to-date financial performance and outlook ahead of the Scheme Meeting for the proposed acquisition by WPP plc. We committed to deliver this update when we announced the FY 2020 results on 25 February 2021.

The March quarter results are based on unaudited management results and the FY 2021 outlook is based on the latest reforecast built up through 3 months of actual results and 9 months of forecasting.

Based on the information provided in this release, the Board of WPP AUNZ reaffirms its outlook for 2021, which was provided on 17 December 2020 and reaffirmed in the Company’s full year 2020 result announcement on 25 February 2021. The outlook is consistent with the outlook provided in section 5 of the Scheme Booklet released on 17 March 2021.

SCHEME UPDATE

The Scheme Meeting will be held at The Langham Hotel Sydney, 89 – 113 Kent Street, Millers Points NSW 2000, on 21 April 2021 at 10am (Sydney time).

WPP AUNZ has received from the ATO a draft version of the Class Ruling the terms of which are consistent with Section 8 Tax Implications of the Scheme Booklet. The draft version of the Class Ruling is not legally binding on the ATO and only a final version of the Class Ruling can be relied on by WPP AUNZ shareholders. A final version of the Class Ruling will not be issued by the ATO until after the scheme of arrangement has been completed.

The Independent Board Committee continues to unanimously recommend that shareholders vote in favour of the Scheme.

The Independent Expert has opined and continues to opine that the Scheme is in the best interests of WPP AUNZ shareholders.

Q1 2021 FINANCIAL PERFORMANCE

Net sales for the March quarter were \$144.0 million, behind the previous corresponding period by 5.2% (Q1 2020: \$151.9 million) and consistent with expectations. The net sales result is compared to Q1 2020 where there was limited impact from COVID-19.

Despite net sales being below 2020 and the market still recovering from the impact of the pandemic, the transformation initiatives and corresponding reduction in the cost base led to improved earnings for the quarter. Headline earnings before interest and tax (“EBIT”) for the March quarter was \$10.2 million (Q1 2020: loss \$3.8 million).

The table below outlines the trading results for the 3 months ended 31 March 2021.

Q1 2021 Trading Performance (3 months – January to March)

	Q1 2020	Q1 2021
Net Sales	\$151.9m	\$144.0m
Headline Earnings before interest and tax	(\$3.8m)	\$10.2m
Net sales margin	(2.5%)	7.1%

Strong financial position maintained

Net debt as at 31 March 2021 was \$116.2 million, compared to \$196.6 million at 31 March 2020 and \$17.2 million at 31 December 2020.

Cash collection remains strong and the increase in net debt from 31 December 2020 is driven by the partial unwind of net working capital, as anticipated in the full year results.

OUTLOOK FOR FY21

Reaffirms guidance for FY21 – consistent with prior guidance and Scheme Booklet.

The Company reaffirms its outlook which budgets a material improvement in profitability in the 2021 financial year when compared to FY2020 as the economic environment strengthens and the full year benefit of the transformation initiatives is delivered.

The table below outlines the Company's earnings guidance for 2021 relative to the headline results for years ended 31 December 2019 and 2020. This excludes the impact of significant and non-cash items and the results of two major units disposed of in 2019, being Kantar and Ogilvy NZ.

Metric	FY19 Actual	FY20 Actual	FY21 Guidance
Net sales	\$712.5m	\$612.3m	\$630m - \$650m
Headline EBITDA ¹	\$106.5m	\$77.4m	\$100m - \$110m
Headline EBIT	\$91.8m	\$61.9m	\$85m - \$95m

The 2021 outlook is consistent with the information on outlook detailed in section 5 of the Scheme Booklet.

In commenting on the performance in the first quarter, Jens Monsees, Managing Director and CEO, said, "We are pleased with our results for the quarter which were very much on track with our expectations and reflect the benefits of the transformation of our business in the last 12 months. The results are a credit to our whole team who have embraced change in our business while also working through a global pandemic. We are pleased to reaffirm our previously announced guidance of headline EBIT of between \$85 million and \$95 million."

1) The Headline financial results are presented excluding the impact of significant, non-recurring and non-cash items such as amortisation of acquired intangible assets and impairments. The Q1 Trading results are based on unaudited management results for the period 1 January to 31 March.



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

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