



ASX Release - 21 April 2021, Sydney Australia

WPP AUNZ SCHEME MEETING

CHAIRMAN'S ADDRESS

Overview of Scheme

On 25 December 2020, WPP AUNZ entered into a Scheme Implementation Deed with WPP plc, under which it is proposed that WPP plc will acquire all of the ordinary shares in WPP AUNZ that it does not already own via a scheme of arrangement (Scheme) subject to regulatory, Court and shareholder approvals.

The purpose of this Scheme Meeting is for shareholders to consider and vote on the Scheme proposed between WPP Plc and WPP AUNZ as set out in the Scheme Booklet.

If the Scheme is approved and implemented, Scheme Shareholders who held their WPP AUNZ Shares on the FY20 Total Dividend Record Date (31 March 2021), Special Dividend Record Date (30 April 2021) and the Scheme Record Date (11 May 2021) will be entitled to receive the Total Cash Payment of \$0.70 per WPP AUNZ Share, which is comprised of:

1. The Scheme Consideration, payable by WPP plc, which is \$0.70 per WPP AUNZ share, less any dividends declared. This includes the FY20 Total Dividend of \$0.044 and any further dividends declared. The scheme consideration amount would be \$0.656 per WPP AUNZ Share if only the FY20 Total Dividend is paid.
2. If, after this meeting, the Board declares a special dividend of \$0.156 per share (meaning total dividends of \$0.20 per share have been declared), then the scheme consideration would be \$0.50 per WPP AUNZ Share.
3. The amount of the Special Dividend declared is subject to the Scheme becoming effective, WPP AUNZ Board determination, tax and accounting considerations, an ATO ruling and bank consent.

Today, shareholders will be asked to vote on a Scheme Resolution in relation to the proposed transaction which requires their approval for it to proceed.

The Independent Board Committee unanimously recommends that shareholders vote in favour of the scheme today and each of the IBC members intend to vote the shares within their control in favour of the Scheme.

In the opinion of the Independent Board Committee, the reasons why shareholders should vote in favour of the scheme today include:

- The material premium compared to the trading prices of WPP AUNZ prior to the proposal received from WPP plc
- The significant additional value that many shareholders will be able to obtain through the release of franking credits should WPP AUNZ determine to pay the full special dividend
- The Independent Expert having opined that the proposal is fair and reasonable and in the best interests of minority shareholders
- The absence of a superior alternative proposal and the low likelihood of any alternative acquirer emerging
- The continuing competitive nature of the industry in which we operate, the continuing economic risks inherent in a COVID-19 challenged world and the risks inherent in the implementation of the transformation program that is underway
- The risk that the share price may decline should the proposal not proceed
- I also note that both ISS and CGI Glass Lewis proxy advisers have recommended that investors vote in favour of the Scheme.

Background to the Scheme

Before we go to questions and the vote, I would like to talk through the background to this proposed transaction.

On 30 November 2020, we announced to the market that we had received an unsolicited proposal from our majority shareholder, WPP plc, to acquire all of the ordinary shares in WPP AUNZ that they did not already own by way of a Scheme at a price of \$0.55 per share.

Shareholders will be aware that WPP plc already held a controlling 61.5% of the shares in WPP AUNZ, as a result of the shareholder approved acquisition of the Australasian assets of WPP plc in 2016. I note that WPP plc is not entitled to vote at today's Scheme Meeting.

In response to the unsolicited proposal received, the board of WPP AUNZ formed an Independent Board Committee comprising myself, Kim Anderson and Graham Cubbin, being the three independent non-executive directors of WPP AUNZ.

This IBC has retained external legal and financial advisors to assist in evaluating the proposal, consider our response and review potential alternatives. As a result of further negotiations with WPP plc, on 17 December last year, WPP plc submitted a revised proposal which increased the consideration from A\$0.55 per share to A\$0.70 per share.

Based on the revised proposal, the IBC determined that it was in the best interests of shareholders to seek to enter into a binding scheme implementation agreement and recommend the revised proposal to shareholders, subject to an independent expert opinion

that the proposal was in the best interests of shareholders and in the absence of a superior proposal being received.

In reaching its determination to recommend the proposal for consideration by shareholders, the Independent Board Committee had careful regard to the following:

- The company's transformation strategy that was well underway,
- The outlook for the business in the 2021 year and beyond,
- The state of the industry and economies in which we operate,
- The practical challenges of local ownership of globally controlled brands, and,
- The inherent value of the proposal, including the premiums to the prevailing share price over recent years.

This revised proposal of \$0.70 per share represented a premium of:

- 71% to the undisturbed closing share price prior to the receipt of the initial proposal;
- 73% to the 1 month VWAP prior the receipt of the initial proposal;
- 90% to the 3 month VWAP prior the receipt of the initial proposal; and
- 109% to the 12 month VWAP prior the receipt of the initial proposal.

Subsequently, on 10 March we announced that the permitted dividends consisting of fully-franked ordinary and special dividends, had been increased from \$0.15 per share to \$0.20 per share. This allows the board to declare dividends up to this amount subject to certain conditions including ATO approval and bank consent and allows eligible resident shareholders to realise additional benefits of the franking credits associated with dividends paid.

I am pleased to confirm that the ATO has issued a draft ruling that, while non-binding, is supportive of the expected treatment of the dividends and scheme consideration as outlined in the scheme booklet.

Depending on individual taxpayers status the value of the franking credits to be released through the ordinary and special dividends may be up to \$0.0857 per share. The value attributed by shareholders of the franking credits is in addition to the cash received under the Scheme Consideration. The board of WPP AUNZ will meet tomorrow morning to consider the declaration of the full special dividend once the outcome of the scheme vote is known.

On 17 March, we confirmed ASIC had registered the scheme booklet containing full details of the scheme on which we are voting today, and including an independent expert report by PWC concluding that the proposal was fair and reasonable and in the best interests of the minority shareholders of WPP AUNZ. The basis for this conclusion is that the proposed Total Cash Payment of \$0.70 per share is within the Independent Expert's assessed valuation range of \$0.62 to \$0.80 per WPP AUNZ Share. I note that the Independent Expert has not included the additional value derived from franking credits for eligible shareholders in their valuation range assessment.

Conditions Outstanding and Timetable

The Scheme is subject to a number of conditions under the terms of the Scheme Implementation Deed. The key conditions which remain outstanding are:

- Shareholder approval of the Scheme at today's Scheme Meeting.
- Final approval by the Supreme Court at the Second Court Hearing which is scheduled for Friday, 23 April 2021.

The IBC is not aware of any circumstances to date which would prevent any of the other outstanding operational and procedural conditions outlined in the Scheme Booklet from being satisfied.

If the Scheme is approved by shareholders today and by the Supreme Court of New South Wales, WPP AUNZ will become a wholly-owned subsidiary of WPP plc and an application will be made to delist WPP AUNZ shares from the ASX.

Following today's Scheme Meeting, if the scheme is approved by shareholders today, the expected next key dates in the Scheme timetable are:

- on Thursday 22 April 2021, the WPP AUNZ board will determine whether to declare the Special Dividend.
- on Friday, 23 April 2021, WPP AUNZ will seek the approval of the Supreme Court of New South Wales to implement the Scheme. If the Court approves the Scheme and issues the orders sought, then on the following business day, being Monday, 26 April 2021, WPP AUNZ expects to lodge a copy of the Court's orders with ASIC, and the Scheme will become legally effective. WPP AUNZ will apply to the ASX for its shares to be suspended from official quotation from close of trade on that day.
- if a Special Dividend is declared, the Special Dividend Record Date will be 7:00pm (Sydney time) on Friday, 30 April 2021 and all shareholders who hold shares on the Special Dividend Record Date will be entitled to receive the Special Dividend, which will be paid on Friday, 7 May 2021; and
- the Scheme Record Date will be 7:00pm (Sydney time) on Tuesday, 11 May 2021. All shareholders who hold shares on the Scheme Record Date will be entitled to receive the Scheme Consideration, which will be paid on the Implementation date, currently expected to be Tuesday, 18 May 2021.

These dates are indicative only and, among other things, are subject to satisfaction of applicable conditions, including the approval from the Court. Any changes will be announced on the ASX.

If the Scheme is not approved today, shareholders will continue to hold WPP AUNZ shares and will not receive the Scheme Consideration or any Special Dividend. WPP AUNZ will continue as an ASX-listed entity with management continuing to implement the business plan and financial and operating strategies it had in place prior to execution of the Scheme Implementation Deed.

Thank you to the management team

Before I ask for questions, I want to acknowledge the significant achievement of WPP AUNZ's senior leadership team, led by CEO Jens Monsees, in delivering a transformation of our business model and company against the back drop of the unprecedented challenges and uncertainties of the COVID 19 pandemic.

The initiatives that they have driven and implemented have not only allowed WPP AUNZ to survive this challenging economic period without needing financial support from our shareholders, but have also positioned the company to prove a financial turnaround that is well underway, as reflected in the 2021 outlook statement that has been put to shareholders and reaffirmed post the recent March quarter results.

It was this improved financial outlook that gave the Independent Board Committee the basis and confidence to negotiate the very significant premium proposal from WPP plc that we are considering today.

Transformation does not come without pain and the need to make tough decisions, particularly in a year like no other. Thank you to Jens and our senior leadership team and the many, many talented employees across our many disciplines. Regardless of the outcome of today's vote you should feel proud of your achievements over the last few years and have great confidence in the future opportunities ahead of you. You should all also be proud to have continued the transformation journey while also managing the scheme process, which came on the heels of an extremely challenging 2020.

On behalf of the IBC, I am pleased to commend the scheme proposal to shareholders. I am now happy to take questions ahead of the formal vote on the scheme.

Ends