



STW Group and WPP officially join to create WPP AUNZ
STW Shareholders agree to merger, creating entity with unrivalled scale and reach

Sydney, 4 April, 2016: STW Communications Group Limited ("STW", ASX:SGN), Australasia's leading marketing content and communications group will officially merge with the Australian and New Zealand businesses of WPP plc ("WPP") following STW shareholder approval at an Extraordinary General Meeting held today.

STW shareholders voted in favour of all resolutions associated with the transaction, which will see WPP become the majority shareholder of STW, and STW become the primary vehicle for WPP in Australia and New Zealand.

The combined entity will be known as WPP AUNZ¹, and be the largest communications services parent company in the region with 90+ businesses, more than 5,500 people and combined revenues of more than A\$850 million². WPP will have a majority shareholding in WPP AUNZ of 61.5%.

The merger is expected to deliver substantial benefits for clients, employees and shareholders. Key features of the merger include:

- merger accelerates WPP AUNZ's strategy of delivering 100% of its clients' customer experience budgets
- significant increase in the scale of the combined entity's operations with WPP AUNZ generating revenues in excess of A\$850 million
- a diversified and strengthened portfolio of companies through the combination of complementary businesses across all key marketing and communication services disciplines
- an improved offering to clients through local market knowledge and access to WPP's global reach, insight, tools and proprietary offerings in data and content
- strong local management oversight to drive efficiencies and collaboration
- increased career opportunities for the 5,500 people of WPP AUNZ
- a strengthened balance sheet with reduced leverage metrics
- senior management of Michael Connaghan and Lukas Aviani will continue to lead the merged WPP AUNZ as CEO and CFO respectively
- a new board structure comprising independent directors and WPP nominees

"We believe this is a great deal for all stakeholders. This merger will drive growth, extend our reach, significantly increase the scale of our operations and position WPP AUNZ as the clear market leader," said WPP AUNZ CEO Michael Connaghan.

"WPP AUNZ creates exciting opportunities for our clients, our shareholders and our people. It will be an organisation filled with insights, ideas, creativity and solutions provided by this country's most outstanding talent. We will work together to meet our clients' challenges, and will look to provide more opportunities for our people to learn and grow.

"Teamed with the opportunity to tap into WPP's world-class tools, global resources and deep technology, WPP AUNZ will be a business unparalleled in our region."

¹Name subject to shareholder approval at AGM in late-May 2016

² Pro-forma net revenue for the 12 months ended 31 December 2015



The merger simplifies the ownership structure of companies in which WPP and STW currently have joint ownership, including Ogilvy & Mather, Ogilvy Public Relations, J. Walter Thompson, Mindshare, Maxus and Added Value, and aligns the interests of both parties.

WPP AUNZ Chairman Robert Mactier said:

"We are delighted that the merger with the WPP Australian and New Zealand businesses has received such a positive endorsement today from the STW shareholders. It indeed heralds a new and exciting era which will be very exciting for STW shareholders, WPP, our collective clients and all of the very talented people across the merged group. A lot of integration planning has been going on ahead of today's shareholder meeting and with the approval of the merger we can now get on with the job of delivering the benefits and synergies for all our stakeholders. Through this preparatory work we are now even more convinced that this is the right strategic step for STW to take."

WPP's Chief Executive Officer Sir Martin Sorrell said: "In the new era of 'horizontality', STW and WPP have a unique strategic opportunity to integrate their offerings and secure greater effectiveness and efficiency to the benefit of clients, not only in Australia and New Zealand, but globally.

"The separately quoted WPP AUNZ also offers a unique structure to achieve horizontality and motivate our people to do so, capitalizing on its already established leadership position."

Merger Completion and Business Review

The merger is expected to be completed over the coming days, and the new name of the company will officially change upon expected shareholder approval in late May.

"Many benefits of this merger rely on our leaders knowing who's in our new larger network of businesses, getting familiar with our different strengths and finding new ways to collaborate. As a priority, we'll be looking for new and innovative ways for our agencies to connect and strengthen ties, and find opportunities to work together where it can benefit clients and people," Connaghan continued.

"Similarly we plan to increase our already extensive training opportunities and provide access to a range of proprietary tools to help people, and their clients. We'll also be reaching out to gain important access to global insight and tools, and international partnerships with leading brands. It's an exciting future for all involved."

Structure of the Board

Following completion of the merger, the WPP AUNZ board will comprise 11 directors:

- Michael Connaghan CEO and Managing Director WPP AUNZ
- Four independent Directors:
 - o Chairperson Robert Mactier
 - o Graham Cubbin
 - o Kim Anderson
 - o Peter Cullinane(Iain Tsicalas will retire on completion of the merger)
- Six WPP Nominees:
 - o Paul Richardson (WPP Finance Director)
 - o Geoff Wild AM (Non-Executive Director, Director WPP Australia Holding)



- Paul Heath (Chairman, Ogilvy Asia Pacific)
- Ranjana Singh (WPP Chairperson Indonesia/Vietnam)
- John Steedman (Executive Director)
- Jon Steel (WPP Group Planning Director)

Ends.

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About WPP

WPP is the world's largest communications services group with billings of US\$73 billion and revenues of US\$19 billion. Through its operating companies, the Group provides a comprehensive range of advertising and marketing services including advertising & media investment management; data investment management; public relations & public affairs; branding & identity; healthcare communications; direct, digital, promotion & relationship marketing and specialist communications. The company employs nearly 190,000 people (including associates and investments) in over 3,000 offices across 112 countries. For more information, visit www.wpp.com.

WPP was named Holding Company of the Year at the 2015 Cannes Lions International Festival of Creativity for the fifth year running. WPP was also named, for the fourth consecutive year, the World's Most Effective Holding Company in the 2015 Effie Effectiveness Index, which recognizes the effectiveness of marketing communications. In 2016 WPP was recognised by Warc 100 as the World's Top Holding Company (second year running).