

WPP PLC

08:47 11 Dec 2018

WPP shares jump as new boss unveils fresh strategy to turn around business

Advertising giant WPP PLC (LON:WPP) plans to spend £300m over the next three years as part of a fresh strategy led by new boss Mark Read.

The company, which saw founder and chief executive Martin Sorrell leave amid allegations of personal misconduct in April, said it would save £275m by the end of 2021 by reducing the number of agencies it runs.

WPP will use the savings to reinvest in its technology and hire more talent in New York.

"The restructuring of our business will enable increased investment in creativity, technology and talent, enhancing our capabilities in the categories with the greatest potential for future growth," Read said.

"As well as improving our offer and creating opportunities for clients, this investment will drive sustainable, profitable growth for our shareholders."

WPP to prioritise dividend

The group said it would prioritise its dividend over share buybacks and acquisitions. It expects to declare a final dividend of 37.3p, bringing its total payout for the year to 60p, unchanged from last year.

On completion of the restructuring in 2021, the company aims to achieve like-for-like revenue growth, a headline operating profit margin of at least 15% and free cash flow conversion of 80% to 90%.

Read, who started as chief executive in September, is trying to return WPP to growth as the business struggles against online competition and weaker business confidence leading clients to cut advertising spending.

In October, the company cut its full-year guidance following a sharp decline in third-quarter trading.

READ: WPP posts sharp drop in third-quarter trading, cuts guidance as new boss unveils more disposal plans

WPP has already disposed of 16 non-core businesses and plans to sell a stake in Kantar as it believes it could run the data division better alongside a financial or strategic partner.

In Tuesday's strategy update, WPP said it has received "numerous unsolicited expressions of interest" for Kantar and expects to update the market on its plans for the unit in the second quarter of 2019.

Shares jumped 5.4% to 849p in morning trading.

Liberum gives 'cautious welcome' to WPP strategy

Liberum said it gives a "cautious welcome" to the new strategy but feels it could have been more ambitious and wide-

Price: 967.4

Market Cap: £12.21 billion

1 Year Share Price Graph



Share Information

Code: WPP

Listing: LSE

52 week High Low
1047 791

Sector: Media

Website: www.wpp.com

Company Synopsis:

WPP is one of the world's largest communications services groups. We are made up of leading companies in: Advertising; Media Investment Management; Information, Insight & Consultancy; Public Relations & Public Affairs; Branding & Identity; Healthcare Communications; Direct, Promotion & Relationship Marketing; Specialist Communications.

action@proactiveinvestors.com

ranging.

"We will hear more at the (capital markets day) later today but our initial view is that WPP is taking the approach RELX took post its problems in 2008/2009, namely recognise the share price will not see much of a recovery short term, focus on running the business and accept the need to deliver to re-rate," the broker said.

"Therefore, we do not see much of a catalyst for the shares short-term."

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.