

WPP PLC

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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: 1023

Market Cap: £12.91 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.

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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."

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