

UNAUDITED GROUP RESULTS FOR SIX MONTHS ENDED 30 JUNE 2019

Condensed Consolidated Statement of Profit or Loss and other comprehensive Income for six months ended 30 June 2019

All figures in KES'000	H1 2019	H1 2018
Net sales	2,372,608	1,793,437
Operating and administrative expenses	(2,117,046)	(1,637,507)
Other income	9,019	9,629
Net interest income	116,173	158,772
Foreign exchange gain / (loss)	6,823	(23,328)
Profit before tax	387,577	301,003
Tax charge	(137,724)	(104,553)
Profit for the period	249,853	196,450
Other comprehensive income:		
Exchange difference on translating foreign operations gain / (loss)	(7,996)	(82,389)
Total comprehensive income for the period	241,857	114,061
Profit attributable to:		
Equity holders of the parent company	218,580	186,594
Non-controlling interests	31,273	9,856
	249,853	196,450
Total comprehensive income attributable to:		
Equity holders of the parent company	213,382	109,940
Non-controlling interests	28,475	4,121
	241,857	114,061
Number of shares '000	432,156	378,865
Basic and diluted earnings per share (KES)	0.51	0.49

Condensed Consolidated Statement of Financial Position as at 30 June 2019

All figures in KES'000	2019	2018
ASSETS		
Non-current assets	3,605,159	2,797,820
Current assets	10,012,809	11,147,677
Total assets	13,617,968	13,945,497
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	432,156	378,865
Share premium account	9,155,166	8,281,817
Revenue reserve	(2,347,803)	410,586
Translation reserve	(412,292)	(396,685)
Equity attributable to share holders of the holding company	6,827,227	8,674,583
Non-controlling interests	142,048	120,498
Total equity	6,969,275	8,795,081
Non-current liabilities	801,816	6,146
Current liabilities	5,846,877	5,144,270
Total equity and liabilities	13,617,968	13,945,497

Condensed Consolidated Statement of Cash Flow for the six months ended 30 June 2019

All figures in KES'000	H1 2019	H1 2018
Cash generated from operating activities	573,505	672,466
Tax paid	(322,600)	(255,068)
Net cash generated from operating activities	250,905	417,398
Net cash flows from investing activities	(42,594)	130,965
Net cash flows from financing activities	(861,435)	(58,883)
Net increase / (decrease) in cash and cash equivalents	(653,124)	489,480
Movement in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	4,424,749	3,460,200
Increase / (decrease) during the period	(653,124)	489,480
Effect of fluctuations in exchange rates	10,641	(58,764)
Cash and cash equivalents at end of the period	3,782,265	3,890,916

Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2019

All figures in KES'000	Share capital	Share premium	Revenue reserve	Translation reserve	Non-controlling interests	Total
At 1 January 2018	378,865	8,281,817	508,141	(320,031)	116,377	8,965,169
Profit for the period	-	-	186,594	-	9,856	196,450
Acquisition of non-controlling interests	-	-	-	-	-	-
Non-controlling interest acquired	-	-	-	-	-	-
Other comprehensive income	-	-	-	(76,654)	(5,735)	(82,389)
Dividend declared - 2017	-	-	(284,149)	-	-	(284,149)
At 30 June 2018	378,865	8,281,817	410,586	(396,685)	120,498	8,795,081
At 1 January 2019	432,156	9,155,166	(813,799)	(407,094)	122,950	8,489,379
Transition adjustment as per IFRS 16	-	-	(23,960)	-	-	(23,960)
Adjusted balance as at 1 January 2019	432,156	9,155,166	(837,759)	(407,094)	122,950	8,465,419
Profit for the period	-	-	218,580	-	31,273	249,853
Other comprehensive income	-	-	-	(5,198)	(2,798)	(7,996)
Dividend declared - 2018	-	-	(1,728,624)	-	(9,377)	(1,738,001)
At 30 June 2019	432,156	9,155,166	(2,347,803)	(412,292)	142,048	6,969,275

Management Observations

The Board of Directors hereby announce the unaudited results of the Group for the six months period ended June 30, 2019.

Net sales increased by 32.29% over the corresponding prior year period to KES2.37bn. The increase in Net Sales is in line with the forecast and due to the acquisition of Kantar TNS which was only consolidated post June 2018. The results for the sixth month period ended 30 June 2019 include the results of Kantar TNS whereas the comparative results for the period ended 30 June 2018 do not include the results of Kantar TNS. The Operating expenses increased as result of addition of Kantar TNS business by 29.28%.

Interest income decreased by 26.83% over a similar period in 2018 due to decrease in yields.

Overall Profit before tax has increased by 28.76%. The Profit after Tax and minority Interest has improved by KES 31.98 million to KES 218.58 million. EPS has improved by 4.08 % to KES 0.51.

Accounting Policies

The accounting policies used in preparing these financial statements are consistent with those used for the Group's 2018 annual financial statements.

The Group has adopted IFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Dividends

The Board of Directors do not recommend an interim dividend.

Outlook for the rest of the year

We expect the results of the second half of the year to improve as compared to the first half.

Cautionary Statement

Shareholders of WPP-Scangroup Plc and the investing public are advised that WPP plc, WPP-Scangroup's majority shareholder, has entered into an agreement to sell 60% of its shareholding in Kantar, its global data, research, consulting and analytics business, to Bain Capital Private Equity (the "Sale"). WPP-Scangroup confirms that the Sale triggers certain "drag and tag rights" in respect of its Kantar business in Africa under existing arrangements in place with the WPP plc and that it is in discussions with WPP plc regarding the mechanics and process for the sale of its Kantar business in Africa. The transaction may result in material change in the Company's control of Kantar's business in Africa.

By Order of the Board

Reuben Mwangi, Company Secretary, 07 August 2019

www.wpp-scangroup.com