



WPP SCANGROUP

UNAUDITED GROUP RESULTS FOR SIX MONTHS ENDED 30th JUNE 2018

Condensed Consolidated Statement of Profit or Loss and other comprehensive income for six months ended 30 June 2018

| All figures in KES'000 | H1 2018 | H1 2017 |
|---|-------------|-------------|
| Net sales | 1,793,437 | 1,998,379 |
| Operating and administrative expenses | (1,637,507) | (1,898,301) |
| Other income | 9,629 | 9,693 |
| Net interest income | 158,772 | 140,198 |
| Foreign exchange loss | (23,328) | (5,489) |
| Profit before tax | 301,003 | 244,480 |
| Tax charge | (104,553) | (87,117) |
| Profit for the period | 196,450 | 157,363 |
| Other comprehensive (loss) / income | (82,389) | 50,223 |
| Total comprehensive income for the period | 114,061 | 207,586 |
| Profit attributable to: | | |
| Equity holders of the parent company | 186,594 | 145,869 |
| Non-controlling interests | 9,856 | 11,494 |
| | 196,450 | 157,363 |
| Total comprehensive income attributable to: | | |
| Equity holders of the parent company | 109,940 | 192,779 |
| Non-controlling interests | 4,121 | 14,807 |
| | 114,061 | 207,586 |
| Basic and diluted earnings per share (KES) | 0.49 | 0.39 |

Condensed Consolidated Statement of Financial Position as at 30 June 2018

| All figures in KES'000 | 2018 | 2017 |
|---|-------------------|-------------------|
| ASSETS | | |
| Non-current assets | 2,797,820 | 2,335,277 |
| Current assets | 11,147,677 | 10,844,431 |
| Total assets | 13,945,497 | 13,179,708 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | | |
| Share capital | 378,865 | 378,865 |
| Share premium account | 8,281,817 | 8,281,817 |
| Revenue reserve | 410,586 | 201,292 |
| Translation reserve | (396,685) | (306,524) |
| Equity attributable to share holders of the holding company | 8,674,583 | 8,555,450 |
| Non-controlling interests | 120,498 | 132,072 |
| Total equity | 8,795,081 | 8,687,522 |
| Non-current liabilities | 6,146 | 4,465 |
| Current liabilities | 5,144,270 | 4,487,721 |
| Total equity and liabilities | 13,945,497 | 13,179,708 |

Condensed Consolidated Statement of Cash Flow for the six months ended 30 June 2018

| All figures in KES'000 | H1 2018 | H1 2017 |
|---|------------------|------------------|
| Cash generated from / (used in) operating activities | 672,466 | (25,149) |
| Tax paid | (255,068) | (201,835) |
| Net cash generated from / (used in) operating activities | 417,398 | (226,984) |
| Net cash flows from investing activities | 130,965 | (13,309) |
| Net cash flows from financing activities | (58,883) | (32,601) |
| Net increase / (decrease) in cash and cash equivalents | 489,480 | (272,894) |
| Movement in cash and cash equivalents | | |
| Cash and cash equivalents at the beginning of the period | 3,460,200 | 3,981,542 |
| Increase / (decrease) during the period | 489,480 | (272,894) |
| Effect of fluctuations in exchange rates | (58,764) | 27,534 |
| Cash and cash equivalents at end of the period | 3,890,916 | 3,736,182 |

Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2018

| All figures in KES'000 | Share capital | Share premium | Revenue reserve | Translation reserve | Non-controlling interests | Total |
|--|----------------|------------------|-----------------|---------------------|---------------------------|------------------|
| At 1 January 2017 | 378,865 | 8,281,817 | 320,150 | (353,434) | 181,241 | 8,808,639 |
| Profit for the period | - | - | 145,869 | - | 11,494 | 157,363 |
| Acquisition of non-controlling interests | - | - | (119,554) | - | - | (119,554) |
| Non-controlling interest acquired | - | - | 44,260 | - | (44,260) | - |
| Other comprehensive income | - | - | - | 46,910 | 3,313 | 50,223 |
| Dividend declared - 2016 | - | - | (189,433) | - | (19,716) | (209,149) |
| At 30 June 2017 | 378,865 | 8,281,817 | 201,292 | (306,524) | 132,072 | 8,687,522 |
| 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 |
| 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 |

Management Observations

The Board of Directors of WPP Scangroup Plc hereby announce the unaudited results of the Group for the six months ended June 30, 2018.

Net Sales decreased by 10.26% over the corresponding prior year period to KES1.79bn. The reduction in Net Sales is in line with the forecast and reflects the state of economies across the countries where the Group operates. The management has continued its effort on cost optimisation and achieved a 13.7% reduction in operating expenses.

Interest income has improved by 13.25% over a similar period in 2017 due to improved cash flows.

Overall Profit before tax has increased by 23% and EPS has improved by 27% to KES 0.49.

New Investments

a. Part of the loan advanced to First Primus West Africa Limited in 2017, was converted to a 24.9% equity on 15th May 2018. This company is a holding company incorporated in Nigeria and holds investments in Criterion Communication (a creative agency) and Algorithm Media (a media agency)

b. The proposed acquisition of shares in Research & Marketing Group Investment Limited (Kantar TNS) which was approved by the shareholders at the Annual General Meeting held on 31st May 2018 is expected to be completed by 31st July 2018.

Accounting Policies

The accounting policies used in preparing these financial statements are consistent with those used for the Group's 2017 annual financial statements.

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, plus benefit from the new investments.

By Order of the Board

Reuben Mwangi, Company Secretary, 27 July 2018

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**Unaudited Consolidated Statement of Profit or Loss and other comprehensive Income
for six month ended 30 June 2018**

| All figures in Sh'000 | H1 2018 | H1 2017 |
|--|-----------------------|-----------------------|
| Billings | 6,309,101 | 6,770,011 |
| Direct costs | (4,515,664) | (4,771,632) |
| Net sales | <u>1,793,437</u> | <u>1,998,379</u> |
| Net interest income | 158,772 | 140,198 |
| Other income | 9,629 | 9,693 |
| Operating and administrative expenses | (1,637,507) | (1,898,301) |
| Foreign exchange loss | (23,328) | (5,489) |
| Profit before tax | <u>301,003</u> | <u>244,480</u> |
| Tax charge | (104,553) | (87,117) |
| Profit for the year | <u>196,450</u> | <u>157,363</u> |
| Other comprehensive income: | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Exchange difference on translating foreign operations | (82,389) | 50,223 |
| Total comprehensive income for the year | <u><u>114,061</u></u> | <u><u>207,586</u></u> |
| Profit attributable to: | | |
| Equity holders of the parent company | 186,594 | 145,869 |
| Non-controlling interests | 9,856 | 11,494 |
| | <u>196,450</u> | <u>157,363</u> |
| Total comprehensive income attributable to: | | |
| Equity holders of the parent company | 109,940 | 192,779 |
| Non-controlling interests | 4,121 | 14,807 |
| | <u>114,061</u> | <u>207,586</u> |
| Basic and diluted earnings per share (Sh) | 0.49 | 0.39 |



Unaudited Consolidated Statement of Financial Position as at 30 June 2018

| All figures in Sh'000 | 30 June 2018 | 30 June 2017 |
|---|-------------------------|-------------------------|
| ASSETS | | |
| <i>Non-current assets</i> | | |
| Equipment | 301,274 | 375,485 |
| Long term loan receivable | 312,599 | - |
| Investment in associates and other equity investments | 177,595 | 4,333 |
| Deferred tax asset | 394,117 | 343,224 |
| Goodwill | 1,612,235 | 1,612,235 |
| | <u>2,797,820</u> | <u>2,335,277</u> |
| <i>Current assets</i> | | |
| Trade and other receivables | 6,305,194 | 6,201,724 |
| Receivable from related parties | 107,885 | 147,713 |
| Work-in-progress | 77,081 | 64,450 |
| Tax recoverable | 766,601 | 694,362 |
| Cash, bank balances and deposits | 3,890,916 | 3,736,182 |
| | <u>11,147,677</u> | <u>10,844,431</u> |
| Total assets | <u>13,945,497</u> | <u>13,179,708</u> |
| EQUITY AND LIABILITIES | | |
| <i>Capital and reserves</i> | | |
| Share capital | 378,865 | 378,865 |
| Share premium account | 8,281,817 | 8,281,817 |
| Revenue reserve | 410,586 | 201,292 |
| Translation reserve | (396,685) | (306,524) |
| Equity attributable to share holders of the holding company | 8,674,583 | 8,555,450 |
| Non-controlling interests | 120,498 | 132,072 |
| Total equity | <u>8,795,081</u> | <u>8,687,522</u> |
| <i>Non-current liabilities</i> | | |
| Deferred tax liability | 6,146 | 4,465 |
| <i>Current liabilities</i> | | |
| Trade and other payables | 4,737,974 | 3,800,732 |
| Tax payable | 81,306 | 189,869 |
| Payable to related parties | 88,095 | 328,408 |
| Dividends payable | 236,895 | 168,712 |
| | <u>5,144,270</u> | <u>4,487,721</u> |
| Total equity and liabilities | <u>13,945,497</u> | <u>13,179,708</u> |



Unaudited Consolidated Statement of Changes in Equity as at 30 June 2018

All figures in Sh'000

| | Share capital | Share premium | Revenue reserve / (deficit) | Translation deficit | Attributable to share holders of the holding company | Non-controlling interests | Total |
|--|----------------|------------------|-----------------------------|---------------------|--|---------------------------|------------------|
| At 1 January 2017 | 378,865 | 8,281,817 | 320,150 | (353,434) | 8,627,398 | 181,241 | 8,808,639 |
| Profit for the period | - | - | 145,869 | - | 145,869 | 11,494 | 157,363 |
| Acquisition of non-controlling interests | - | - | (119,554) | - | (119,554) | - | (119,554) |
| Non-controlling interest acquired | - | - | 44,260 | - | 44,260 | (44,260) | - |
| Other comprehensive income | - | - | - | 46,910 | 46,910 | 3,313 | 50,223 |
| Dividend declared - 2016 | - | - | (189,433) | - | (189,433) | (19,716) | (209,149) |
| At 30 June 2017 | 378,865 | 8,281,817 | 201,292 | (306,524) | 8,555,450 | 132,072 | 8,687,522 |
| At 1 January 2018 | 378,865 | 8,281,817 | 508,141 | (320,031) | 8,848,792 | 116,377 | 8,965,169 |
| Profit for the period | - | - | 186,594 | - | 186,594 | 9,856 | 196,450 |
| Other comprehensive income | - | - | - | (76,654) | (76,654) | (5,735) | (82,389) |
| Dividend declared - 2017 | - | - | (284,149) | - | (284,149) | - | (284,149) |
| At 30 June 2018 | 378,865 | 8,281,817 | 410,586 | (396,685) | 8,674,583 | 120,498 | 8,795,081 |



Unaudited Consolidated Statement of Cash Flow for six month ended 30 June 2018

| All figures in Sh'000 | H1 2018 | H1 2017 |
|---|------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 301,003 | 244,480 |
| <u>Adjustments:</u> | | |
| Depreciation | 44,386 | 63,962 |
| Net gain on sale of assets | (1,846) | (1,616) |
| Interest income | (160,122) | (142,640) |
| Cash generated from operations before working capital changes | <u>183,421</u> | <u>164,186</u> |
| <u>Movement in working capital</u> | | |
| Decrease in trade and other receivables | 195,882 | 124,743 |
| Decrease in work-in-progress | 15,974 | 17,917 |
| Increase / (decrease) in trade and other payables | 378,153 | (469,924) |
| Change in related party balances | (100,964) | 137,929 |
| | <u>489,045</u> | <u>(189,335)</u> |
| Cash generated from / (used in) operating activities | 672,466 | (25,149) |
| Tax paid | (255,068) | (201,835) |
| Net cash generated from / (used in) operating activities | <u>417,398</u> | <u>(226,984)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of equipment | (20,146) | (57,324) |
| Proceeds on sale of equipment | 11,238 | 18,943 |
| Non-controlling interest acquired | - | (119,554) |
| Interest income received | 139,873 | 144,626 |
| Net cash generated from / (used in) investing activities | <u>130,965</u> | <u>(13,309)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (58,883) | (32,601) |
| Net cash used in financing activities | <u>(58,883)</u> | <u>(32,601)</u> |
| Net increase / (decrease) in cash and cash equivalents | <u>489,480</u> | <u>(272,894)</u> |
| <u>MOVEMENT IN CASH AND CASH EQUIVALENTS</u> | | |
| Cash and cash equivalents at the beginning of the period | 3,460,200 | 3,981,542 |
| Increase / (decrease) during the period | 489,480 | (272,894) |
| Effect of fluctuations in exchange rates | (58,764) | 27,534 |
| Cash and cash equivalents at end of the period | <u>3,890,916</u> | <u>3,736,182</u> |