WPP SCANGROUP PLC

Registration Number: C.11/2006

PROPOSED DISPOSAL OF THE KANTAR BUSINESS

CIRCULAR TO SHAREHOLDERS

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you require clarification on the content of this Circular, please seek guidance from your stockbroker, investment banker, or any other professional adviser.

This Circular has been prepared in compliance with the requirements of the Capital Markets Act (Cap. 485A of the Laws of Kenya), the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002, the Capital Markets (Licensing Requirements) (General) Regulations, 2002 and the Nairobi Securities Exchange Listing Manual, 2013.

The Capital Markets Authority has approved the issue of this Circular. Approval of this Circular is not to be taken as an indication of the merits of the proposed transaction or a recommendation by the Capital Markets Authority.

As a matter of policy, the Capital Markets Authority and the Nairobi Securities Exchange do not assume any responsibility for the correctness of any statements or opinions made or reports contained in this Circular.

Date of issue: 30 April 2020

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1. KEY DATES

Due date for lodgement of proxy forms	*11.00 a.m.* (East African Time) on *25 May 2020*
General Meeting	*11.00 a.m.* (East African Time) on *27 May 2020*
Expected date of completion of the Disposal	Second quarter of 2020

The above timetable is indicative only. The Company may vary any of the above dates without notice, subject to the Capital Markets Act, the NSE Listing Rules and other applicable law.

2. DEFINITIONS

In this Circular, unless otherwise stated and as the context allows, the words in the first column have the meaning stated opposite them in the second column. Words in the singular include the plural and vice versa, words signifying one gender include the other gender, and references to a person include references to juristic persons and associations of persons:

"Agreed Enterprise Value"	means the agreed enterprise value for the Kantar Africa Business for the purposes of the Disposal, being USD 63.58 million as detailed in section 8.1 of this Circular;
"Bain Capital"	means Bain Capital Private Equity (Europe) LLP, its affiliates, and the funds managed and/or advised by the foregoing, but excluding the portfolio companies of such funds;
"Board"	means the board of directors of Scangroup acting collectively and comprising the persons listed in section 3 of this Circular;
"Business Day"	means a day (excluding Saturdays, Sundays or public holidays) on which banks are open for general banking business in Nairobi, London, New York and Luxembourg;
"CAK"	means the Competition Authority of Kenya, established under the Competition Act (Chapter 504 of the Laws of Kenya);
"Capital Markets Act"	means the Capital Markets Act (Chapter 485A of the Laws of Kenya);
"Circular"	means this Shareholders' Circular dated 30 April, 2020;
"CCC"	means the COMESA Competition Commission;
"CMA"	means the Capital Markets Authority, established under the Capital Markets Act;
"COMESA"	means the Common Market for Eastern and Southern Africa;
"Company" or "Scangroup"	means WPP Scangroup Plc, a public limited liability company incorporated under the laws of the Republic of Kenya with registration number C.11/2006 and listed on the Nairobi Securities Exchange;
"Debenture"	means a debenture dated 19 August 2011 in favour of CFC Stanbic Bank Limited (now Stanbic Bank Limited) which has been executed by Millward Brown East Africa Limited and various members of the Group in relation to a KES 500,000,000 term loan and spot foreign currency dealing facility and for the purposes of this definition, Debenture also includes any cross-guarantees provided by Millward Brown East Africa Limited in favour of Stanbic Bank Limited;
"Directors"	means the members of the Board, being the persons listed in section 3 of this Circular;
"Disposal"	means the proposed disposal by the Group of 100% of its interest in the Kantar Africa Business to the Joint Venture;
"EBIT"	means earnings before interest and tax;
"EBITDA"	means earnings before interest, tax, depreciation and amortisation;

"FCC"	means the Fair Competition Commission, Tanzania;
"FCCPC"	means the Nigerian Federal Competition and Consumer Protection Commission;
"First Completion"	means the first completion of the Global Transaction which took place on 5 December 2019, when the Joint Venture was established and subsequently acquired over 90% of the Global Kantar Business;
"General Meeting" or "GM"	means the meeting of the Shareholders of Scangroup to be held in accordance with an Order issued by the High Court of Kenya in Miscellaneous Application No. E680 of 2020 on Wednesday 29 April 2020 at 11.00 a.m. East African Time. Due to the ongoing Government restrictions on public gatherings, Shareholders will not be able to attend this meeting in person but will be able to register for, access information pertaining to the Resolution, follow the meeting and vote electronically or by proxy;
"Global Transaction"	means the sale of the Kantar Global Business by WPP to the Joint Venture;
"Group"	means Scangroup and its subsidiaries (excluding members of the Target Group);
"Independent Advisor"	means Dyer & Blair Investment Bank Limited, who were appointed by the Company to act as an independent advisor;
"Independent Advisor Report"	means the report prepared by the Independent Advisor in relation to the Disposal as described in this Circular;
"Independent Kantar Transaction Committee" or "Independent Committee"	means the independent committee of the Board established for the purpose of reviewing the terms of the Disposal, comprising the following independent, non-executive directors: Patricia Ithau (Chairperson), Richard Omwela and Pratul Shah;
"International Research and Marketing Group Holdings"	means International Research and Marketing Group Holdings Limited, a private limited liability company incorporated in accordance with the laws of Mauritius under registration number 094608 C1/GBL;
"Joint Venture"	means the joint venture established on First Completion by Bain Capital (holding a 60% interest) and WPP plc (holding a 40% interest) for the purposes of owning and operating the Kantar Global Business;
"Kantar"	means the Kantar Africa Business and the Kantar Global Business;
"Kantar Africa Business" or "Africa Business"	means the Company's data research, consulting and analytics businesses conducted by the Millward Brown Companies and the Kantar TNS Companies;
"Kantar Global Business" or "Global Business"	means the global data, research, consulting and analytics business sold or to be sold by the WPP Group to the Joint Venture (including WPP plc's indirect interest in the Kantar Africa Business);
"Kantar Square"	means Kantar Square Two B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law, having its official seat in Rotterdam, its office address at Laan op Zuid 167, 3072 DB Rotterdam, the Netherlands and

	registered in the Dutch Commercial Register under number 74179373, being a company within the Joint Venture structure and the purchasing entity in respect of the Disposal;
"Kantar TNS Companies"	means Research and Marketing Group Investment Limited and its subsidiary companies operating in Kenya, Nigeria, Ivory Coast, Senegal, Ghana, Cameroon and the United Kingdom;
"KES"	means Kenyan Shillings, the lawful currency of Kenya;
"Locked Box Date"	means 31 December 2018;
"Millward Brown Companies"	has the meaning given to it in section 4 of this Circular;
"NGN"	means Nigerian Naira, the lawful currency of Nigeria;
"Nominee Shareholders"	means the following persons, each of whom hold a single share in a Target Group Company on trust for, and to the order of, the Company: (i) Scanad Kenya Limited, which holds 1 fully paid ordinary share of USD 0.01 in the share capital of Millward Brown East Africa Limited; (ii) WPP Group (Nominees) Limited, which holds one fully paid ordinary share of KES 20.00 in the share capital of TNS RMS East Africa Limited; (iii) Julian Charles Foster, who holds 1 fully paid ordinary share of NGN 1.00 in the share capital of Millward Brown Nigeria Limited; and (iv) Adeola Tejumola, who holds 1 fully paid ordinary share of NGN 1.00 in the share capital of TNS RMS Nigeria Limited, and "Nominee Shareholder" means any one of them (as the context requires);
"NSE"	means the Nairobi Securities Exchange;
"NSE Listing Rules"	means the Capital Markets Act and the regulations made thereunder, including: (i) the Capital Markets (Licensing Requirements) (General) Regulations, 2002 (the **Licensing Regulations**); (ii) the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 (the **Disclosure Regulations**); and (iii) the Code of Corporate Governance Practices for the Issuers of Securities to the Public 2015 (the **Corporate Governance Code**);
"Resolution"	the resolution approving the Disposal and the implementation of the Share Purchase Agreement to be considered and, if thought fit, approved by the Shareholders at the General Meeting;
"Research and Marketing Group Investments Limited" or "RMGIL"	means Research and Marketing Group Investment Limited, a private limited liability company incorporated in accordance with the laws of Mauritius under registration number 094608 C1/GBL;
"Scangroup Mauritius Holdings"	means Scangroup Mauritius Holdings Limited, a private limited liability company incorporated in accordance with the laws of Mauritius under registration number 72145 C2/GBL;
"SEC"	means the Nigerian Securities Exchange Commission;

"Share Purchase Agreement" or "SPA"	means the share purchase agreement entered into between the Company, WPP plc and Kantar Square in relation to the Disposal, as described in section 1 of this Circular;
"Shareholder"	means a registered holder of Shares and "Shareholders" shall be construed accordingly;
"Shares"	means the fully paid ordinary shares in the share capital of the Company;
"Tag and Drag Rights"	has the meaning given to it in section 0 of this Circular;
"Target Group"	means each Target Group Company and each Target Group Subsidiary (or any one or more of them as the context may require);
"Target Group Companies"	has the meaning given to it in section 12.2.1 of this Circular and "Target Group Company" shall be construed accordingly;
"Target Group Subsidiaries"	has the meaning given to it in section 12.2.1 of this Circular and "Target Group Subsidiary" shall be construed accordingly;
"US$" or "USD"	means US Dollars, the lawful currency of the United States of America;
"WPP" or "WPP plc"	means WPP plc, a public limited liability company registered under the laws of Jersey bearing company number 111714 and having its registered office address at Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES;
"WPP Directors"	means the Directors appointed to the Board by WPP plc, being Andrew Scott, Laurence Mellman, Dominic Grainger and Jon Eggar; and
"WPP Group"	means WPP plc and all of its subsidiary undertakings.

3. CORPORATE INFORMATION

Name	WPP Scangroup plc is incorporated in Kenya under company registration number C.11/2006 and is publicly traded on the Nairobi Securities Exchange. It is also an (indirect) subsidiary of WPP.
Registered Office	The Chancery, 5th Floor Valley Road, Upper Hill P. O. Box 34537- 00100 Nairobi Kenya Telephone: +254 (20) 2710021, 2799000
Core business	Marketing and communication group operating a multi-agency model across multiple disciplines in Sub-Saharan Africa.

Directors

Name	**Address**	**Nationality**
Richard Omwela (Chairman)	P.O. Box 30333 – 00100, Nairobi, Kenya	Kenyan
Bharat Thakrar (CEO)	P.O. Box 34537 – 00100, Nairobi, Kenya	Kenyan
Jonathan Neil Eggar	AKQA, 1 St John's Lane, London EC1M 4BL, UK	British
Satyabrata Das	P.O. Box 34537 – 00100, Nairobi, Kenya	Indian
Pratul Hemraj Shah	PO Box 30094 – 00100, Nairobi, Kenya	Kenyan
Patricia Ithau	P.O. Box 35765 – 00100, Nairobi, Kenya	Kenyan
Andrew Scott	Sea Containers House, 18 Upper Ground, London SE1 9GL, UK	British
Laurence Mellman	Sea Containers House, 18 Upper Ground, London SE1 9GL, UK	British
Dominic Grainger	Sea Containers House, 18 Upper Ground, London SE1 9GL, UK	British

Company Secretary	Reuben Mwangi – Certified Public Secretary (Kenya) (Registration Number 937) The Chancery, 5th Floor, Valley Road, Upper Hill P. O. Box 34537- 00100, Nairobi, Kenya
Share Registrar	Comprite Kenya Limited, The Crescent, off Parklands Road, Crescent Business Centre, 2nd Floor, Nairobi, Kenya – P.O. Box 63428-00619, Nairobi, Kenya
Legal Advisor	Anjarwalla & Khanna | ALN Kenya – Africa Legal Network, ALN House, Off Eldama Ravine Close, Eldama Ravine Road, P.O. Box 200 - 00606, Nairobi, Kenya
Independent Advisor	Dyer & Blair Investment Bank Limited | 7th Floor, Goodman Tower, Off Waiyaki Way, P.O. Box 45396 - 00100, Nairobi, Kenya

4. LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the Board, I am pleased to invite you to consider and approve the proposed disposal of your Company's Kantar Africa Business.

Background

The Kantar Africa Business comprises the Millward Brown Companies and the Kantar TNS Companies through which your Company operates a data research, consulting and analytics business in Sub-Saharan Africa. The Kantar Africa Business is currently part of the Kantar Global Business, which until 5 December 2019, was owned by WPP plc, one of the leading marketing and communication groups in the world and our largest Shareholder, but since that date is owned by the Joint Venture (comprising Bain Capital (60%) and WPP plc (40%)).

Millward Brown East Africa Limited was established on 20 August 2007. It subsequently extended its operations to Nigeria and Ghana establishing Millward Brown Nigeria Limited and Millward Brown West Africa Limited. These three companies constitute the **Millward Brown Companies**.

The **Kantar TNS Companies** on the other hand, became part of your Company on 1 July 2018, when we acquired a significant majority share (80% of the issued share capital) of Research and Marketing Group Investment Limited, a Mauritian holding company for the Kantar TNS companies operating in Kenya, Nigeria, Ivory Coast, Senegal, Ghana, Cameroon and the UK.

Divestment of the Kantar Global Business by WPP plc

In late 2018, WPP plc decided to explore a sale of a majority stake in the Kantar Global Business to a strategic and/or financial partner. A highly competitive, global auction process was started in early 2019 and run over several months. Goldman Sachs International and Ardea Partners, two well-regarded international investment banks provided advice in relation to the sale as joint financial advisors and conducted the auction on behalf of WPP plc. WPP plc also received financial advice on the Global Transaction from Lazard Frères & Co. LLC and Bank of America Merrill Lynch, two other leading international investment banks, which acted as joint financial advisors alongside Goldman Sachs International and Ardea Partners.

The Kantar Global Business is fundamentally a strong business. It is well-positioned within the global data ecosystem and has become an industry leader in its delivery of data research, consulting and analytics services to customers and consumers in over 100 countries. Unsurprisingly therefore, the auction attracted significant interest from potential buyers, including global financial investors such as major US and European private equity groups.

Four bidders, comprising private equity groups, were shortlisted from the prospective buyers on the basis of their indicative financial offers. Bain Capital was ultimately selected as the winning bidder. As a leading global private investment firm, Bain Capital, advises and manages capital across several asset classes, including private equity, venture capital, public equity and leveraged debt assets. Since its inception in 1984, Bain Capital and its affiliates have completed over 450 transactions and have made investments in more than 330 companies in a broad range of industries.

On 12 July 2019, an agreement was signed pursuant to which WPP plc agreed to sell a majority stake in the Kantar Global Business to Bain Capital. The board of WPP Plc approved the Global Transaction, as did the shareholders of WPP plc, with over 99% of shareholders present and voting at the general meeting, voting in favour of the Global Transaction.

As it was always the intention of WPP Plc to retain a minority interest in the business, the sale was structured as a sale to the Joint Venture. The Global Transaction will take places in phases, with First

Completion (at which over 90% of the Kantar Global Business was sold to the Joint Venture) having occurred on 5 December 2019 and a series of subsequent completions taking place during the first half of 2020.

Tag and Drag Rights

The Global Transaction triggered certain Tag and Drag Rights under existing arrangements between the Company and the WPP Group in respect of the Kantar Africa Business.

Your Company negotiated the Tag Right in 2018 when acquiring a majority stake in the Kantar TNS Companies from the WPP Group in order to protect the Company in the event of a sale of the Kantar Global Business. The Board sought the ability to participate in any global sale on the same terms as those being offered to the WPP Group for the Kantar Global Business by a third party purchaser, which the Tag Right provides. Not only would this enable the Company to maximise the price it could achieve for the Kantar Africa Business but the Board was also keen to avoid a situation where the Africa Business was excluded from a global sale, leaving it isolated, operating on a standalone basis.

The Africa Business relies significantly on the Kantar Global Business for access to globally-derived know-how and technology, and also benefits from the strength of the global "Kantar" brand and extensive client base generated by the Global Business. Without access to these benefits, not only would the Kantar Africa Business likely be valued at a significant discount in any third party sale, but the Company would also need to invest considerable resources in developing and maintaining the scale of the Africa Business's operational capabilities. The Board is also conscious that if the Kantar Africa Business were to operate on a stand-alone basis, its competitive position within the relevant African markets may erode if the Global Business, under new ownership, entered those markets as a competitor.

In return for granting the Tag Right to the Company, the WPP Group sought a Drag Right which compels the Company to participate in any global sale on the same terms as those being offered by a third party purchaser for the Kantar Global Business.

Share Purchase Agreement

Although the Tag and Drag Rights entitle or require the Company to participate in the Global Transaction through the disposal of its interest in the Kantar Africa Business to the purchaser of the Kantar Global Business on the same terms and conditions offered for the Global Kantar Business, your Board, through the specially established Independent Kantar Transaction Committee, further negotiated the terms of the sale of the Kantar Africa Business. This resulted in more favourable terms being achieved, with the Independent Kantar Transaction Committee successfully negotiating that the Company, as seller, would not be required to give any operational warranties in relation to the Kantar Africa Business.

On 26 November 2019, your Company, WPP plc and Kantar Square entered into the Share Purchase Agreement pursuant to which the Company agreed to sell the Kantar Africa Business to Kantar Square on these improved terms. The Share Purchase Agreement, which is available for your inspection, is subject to conditions precedent typical to transactions of this nature, including but not limited to shareholder and regulatory approvals.

Independent Kantar Transaction Committee

Since the Disposal is occurring at the global level and is driven by our majority shareholder WPP plc, your Board thought it important to subject the terms of the proposed Disposal to rigorous examination and analysis whilst also seeking to achieve enhanced terms. To this end, the Board established an independent three-person committee, known as the Independent Kantar Transaction Committee, to consider and negotiate the proposed terms of the Disposal in order to ensure that the Company is obtaining the best possible value from the Disposal.

The Independent Committee is chaired by Patricia Ithau, who has held very senior positions in various fast-moving consumer goods companies, who are also consumers of the product offerings of the Kantar Africa Business. Patricia sat in the committee with Richard Omwela, a well-known corporate lawyer, and Pratul Shah, an experienced financial adviser. Patrica, Pratul and Richard are all independent directors of the Company.

Key Considerations by the Independent Committee in Assessing the Disposal

The key issues considered by the Kantar Transaction Committee were as follows:

- whether the price and other terms of the Disposal were favourable to your Company, notwithstanding the existence of the Tag and Drag Rights;
- whether it could be considered to be in the best interests of your Company to forego the opportunity to participate in the Global Transaction, which is underpinned by a global, competitive auction sale process conducted by highly-regarded, international financial advisors;
- if the Kantar Africa Business was not sold as part of the Global Transaction, whether:
    - the Africa Business would be marketable on a stand-alone basis and if so, whether it would attract the same level of interest or a comparable price from potential buyers, or yield terms superior to those available to the Company under the Share Purchase Agreement; and
    - the Africa Business would require additional resources and investment in order to operate on a standalone basis.

The Independent Kantar Transaction Committee drew the following conclusions in respect of the above considerations:

- that the robust, competitive auction process run by Goldman Sachs International and Ardea Partners achieved maximum value for Kantar Global Business and in particular the Kantar Africa Business;
- that it would be in the best interests of the Company to exercise the Tag Right in order to sell the Africa Business as part of the Global Transaction had the Share Purchase Agreement not been concluded;
- that the terms agreed in the Share Purchase Agreement are better than that which would have been attained under the Tag and Drag Rights;
- being part of the network of the Kantar Global Business has historically allowed the Kantar Africa Business to leverage the expertise, client connections and brand synergies of the Kantar Global Business and, if the Company does not participate in the Global Transaction:
    - these benefits will no longer be available to your Company; and
    - consequently, the competitive position of the Kantar Africa Business within the relevant African markets is likely to erode and reduce its valuation, particularly if the Kantar Global Business enters the African markets as a competitor in the future;
- that a divesture of the Kantar Africa Business as a standalone business is unlikely to attract the same level of interest from potential buyers, or yield terms that are superior to those available to your Company through participation in the Global Transaction; and
- that your Company could in any event be compelled by the WPP Group exercising its Drag

Right to sell the Kantar Africa Business as part of the Global Transaction, but most likely on less favourable terms than those agreed in the Share Purchase Agreement.

Independent Advisor

Your Company has taken additional measures and appointed Dyer & Blair Investment Bank Limited as an independent Advisor (the **Independent Advisor)** to carry out the following in connection with the Disposal:

- conducting an independent valuation of the Kantar Africa Business and preparing a valuation report of the same containing a Fairness Opinion for the Disposal in compliance with CMA Regulations (the **Independent Advisor Report**), for inclusion to the Circular to Shareholders;

a. reviewing the terms of Disposal;
b. reviewing the work of the Independent Committee in negotiating the terms of the Disposal and commenting on the same; and
c. commenting on the likely impact of the Disposal to the Shareholders.

The Independent Advisor Report is annexed to this Circular.

Valuation, consideration for Disposal and use of proceeds

Valuation and pricing are explained in detail in section 8 of this Circular.

Your Company is expected to receive Base Consideration of USD 49,736,864 and Profit Amount calculated at 4.8% per annum for the period from 1 January to the completion date (expected in the second quarter of this year) before taxes and costs, which Profit Amount is expected to be about USD 3,000,000. The Group may also receive additional consideration of up to USD 1.52 million over the next three years in the event that certain contingent liabilities are lower than estimated.

As the Share Purchase Agreement was signed in November 2019, the valuation for the Disposal is not affected by the current global events relating to the COVID-19 corona virus, which has had a serious impact on all the economies in the world, and is likely to have a significant detrimental impact on valuations for businesses. In the circumstances, the valuation for the Disposal is considered by the Board to be extremely attractive for Shareholders.

If the Disposal is approved by Shareholders at the General Meeting, the Board will, following completion of the Disposal, consider the most optimal use of the proceeds from the Disposal taking into consideration potential expansion, capital needs and cashflows but expects at least 40% of the net proceeds will be returned to Shareholders in the form of a special dividend.

Impact on the Group results as a consequence of the Disposal

The impact of the Disposal on the Group's results is detailed in section 10 of this Circular.

Recommendation

Your Board and the Independent Kantar Transaction Committee have separately, carefully considered (i) the proposed Disposal, (ii) the price and terms agreed in the Share Purchase Agreement, and (iii) the other relevant circumstances and factors outlined in this Circular, and each having done so is satisfied that the proposed Disposal is in the best interests of your Company, and each unanimously recommends selling the Kantar Africa Business pursuant to the Share Purchase Agreement as part of the Global Transaction.

Yours faithfully

Richard Omwela
Chairman
30 April 2020

5. KANTAR AFRICA BUSINESS

5.1 Background to the Kantar Africa Business

Scangroup's business units include the provision of market research services known as the **Kantar Africa Business**, which is represented by two brands, namely Kantar Millward Brown and Kantar TNS.

The background to and business activities of the Kantar Africa Business are summarised below:

Business	Overview
Kantar Millward Brown	Kantar Millward Brown was a greenfield company established as Millward Brown East Africa Limited on 20 August 2007 and subsequently extended its operations to Nigeria and Ghana by the establishment of Millward Brown Nigeria Limited and Millward Brown West Africa Limited. The Millward Brown Companies provide pre-testing, tracking and sales modelling services, as well as a range of other services to help clients market their brands more effectively.
Kantar TNS	On 1 July 2018, the Company acquired a majority share of RMGIL, a Mauritian holding company for the Kantar TNS companies in Kenya, Nigeria, Ivory Coast, Senegal, Ghana, Cameroon and the UK. The Kantar TNS Companies provide customised market research services in West Africa, particularly in Nigeria, Ghana and French-speaking West Africa. Their offering includes consumer, panel, retail/shopper and public/social sector research services. They also advises clients on growth strategies around new market entry, innovation, brand switching and stakeholder management.

5.2 Acquisition of the Kantar TNS Companies

The Company acquired 80% of the shareholding in RMGIL in 2018, of which a 70% stake was acquired from the WPP Group on 1 July 2018 and paid for in shares for a total consideration of KES 926.6 million, with the balance of 10% being paid in cash. An independent valuation was undertaken in relation to the acquisition of the 70% stake in RMGIL in 2018 and this valuation was included in the circular presented to shareholders of the Company when approval of that acquisition was sought).

A summary of the details of this independent valuation obtained in 2018 is presented below.

	KES Million
Enterprise Value	1,838.7
Less: Debt	514.9
Equity Value	1,323.8

Consideration for the acquisition of the 70% shareholding in RMGI was valued at Ksh 926.6 M (70% of Ksh 1323.8 Mil)

Valuation Principle applied as per the Independent Valuation Report	
Earnings before interest and tax (EBIT) Average 2016 & 2017	KES 266.5 Million
Multiple applied to EBIT to arrive at Enterprise Value	6.9
Average Net Revenue (2016 & 2017)	KES 1821.4 Milllion
Multiple applied to Net Revenue to arrive at Enterprise Value	1.01

5.3 Tag and Drag Rights

The agreement for the acquisition of the 70% stake in RMGIL from the WPP Group (the **2018 SPA**) included tag and drag rights for the sale by Scangroup of its shareholding in the whole of the Kantar Africa Business in the event any WPP Group company sold its interest in the Global Kantar Business (**Tag and Drag Rights**) as follows:

5.3.1 under the Drag Right, the WPP Group is entitled to compel Scangroup to sell the Kantar Africa Business on a sale by the WPP Group of the Kantar Global Business; and

5.3.2 under the Tag Right, Scangroup has the right to sell the Kantar Africa Business as part of any sale by the WPP Group of the Kantar Global Business.

6. GLOBAL TRANSACTION

6.1 Following a global, competitive auction sale process undertaken by WPP plc (further details set out below), WPP plc entered into an agreement on 12 July 2019 to sell the Kantar Global Business to the Joint Venture. Following this, the Company made a cautionary announcement on 31 July 2019 confirming that the Global Transaction triggers the Tag and Drag Rights and that the Company was in discussions with WPP plc regarding the mechanics and process for the sale of the Kantar Africa Business.

6.2 The global, competitive auction process for the sale of the Kantar Global Business, which commenced in early 2019, ensured the establishment of a global benchmark for the value of the Kantar Global Business. The auction process was conducted on behalf of WPP plc by Goldman Sachs International and Ardea Partners and ran over a period of several months, attracting significant interest from a range of potential buyers (including major European and US private equity groups), which reflects the significant scale, geographic reach and brand presence of the Kantar Global Business. Bain Capital was selected as the winning bidder out of the shortlist of four (4) bidders on the basis that the overall enterprise value, transaction terms, deal certainty and path to closing it offered were the most attractive. The financial advisors to WPP the Global Transaction were Goldman Sachs International, Ardea Partners, Bank of America Merrill Lynch and Lazard Freres & Co.

6.3 The Global Transaction achieved an enterprise value of approximately USD 4.0 billion, which translates into an implied multiple to EBITDA of approximately 8.2. The Global Transaction was based on a locked box mechanism as at 31 December 2018 with an adjustment for net cash and working capital, which translated into an equity value of USD 3.6 billion, with a profit amount being added to the consideration in respect of the period from 1 January 2019 to the date of completion at a rate of 4.8% p.a. in USD of the equity value, less an agreed amount to be paid as deferred consideration in respect of certain contingent liabilities (being on-going litigation and other claims).

6.4 As a public listed entity, WPP plc obtained the approval of its shareholders on 24 October 2019 – over 99% of the shareholders present and voting at the meeting voted in favour of the Global Transaction. First Completion of the Global Transaction took place on 5 December 2019 when the Joint Venture was established and acquired over 90% of the Kantar Global Business. A copy of the shareholder circular dated 7 October 2019 and sent to the shareholders of WPP plc is available on https://www.wpp.com/investors.A number of subsequent completions of the Global Transaction will now occur at later dates when various remaining components of the Kantar Global Business will be acquired by the Joint Venture, subject to satisfaction or waiver of applicable conditions precedent (including those referred to in section 12.2.3 in respect of the Kantar Africa Business).

7. THE INDEPENDENT KANTAR TRANSACTION COMMITTEE

7.1 In order to review the terms of the proposed Disposal and ensure the independence of the sale process for the Kantar Africa Business, the Independent Kantar Transaction Committee was formed by the Board comprising three (3) independent, non-executive directors. The mandate given to the Independent Kantar Transaction Committee is to:

- consider the implications of the Global Transaction on the Kantar Africa Business;
- consider the Tag and Drag Rights in the context of the Global Transaction;
- negotiate the terms of the Disposal and manage the sale process on behalf of the Company;
- ensure that the Company receives fair value for the Disposal and that the consideration and terms are in accordance with the Tag and Drag Rights; and
- consider, having regard to price, terms and all other relevant factors and considerations, whether pursuing the Disposal is the best interests of the Company.

7.2 The members of this committee are:

- ***Patricia Ithau, BCom, MBA (Chairperson of the Independent Committee)***

  Patricia Ithau is an experienced business executive and seasoned marketing professional having worked in executive roles as managing and marketing director in various companies. She is currently the Regional Director for the Stanford Graduate Business School Initiative, Stanford Seed supporting SME transformation.

  She also currently sits on various boards, including Barclays Bank of Kenya Limited (now Absa Bank Kenya Plc), Trade Mark East Africa (TMEA), KEPSA and others. She is also a trustee on the board of Vodafone Foundation, London.

  Patricia has been involved in various transactions including the acquisition of Serengeti Breweries Ltd in Tanzania and led the acquisition of InterConsumer Products Limited by L'Oreal East Africa Limited.

- ***Richard Omwela BA (LLB)***

  Richard Omwela is an advocate of the High Court of Kenya and a member of the Law Society of Kenya. Richard is a Senior Partner at Dentons Hamilton Harrison and Matthews Advocates. Richard sits on various boards as a non-executive, independent director.

  Richard has more than 39 years of experience and a record of accomplishment that includes managing a number of complex, high-value transactions in Kenya. Richard's focus is on local, multinational and cross-border transactions including public private partnerships projects, financings, acquisitions, privatisations, as well as capital markets transactions.

- ***Pratul Shah FCCA, CPA(K), CPS(K)***

  Pratul has over 30 years of professional experience in audit, tax planning, strategy, corporate finance and corporate recovery work. He was a partner at PricewaterhouseCoopers. He sits on boards of various companies.

He is currently retained by various companies to provide strategic and restructuring advice and has acted in the capacity of lead transaction advisor on a number of mergers and acquisitions.

7.3 The Independent Kantar Transaction Committee members represent a wide range of experience and expertise including in the following areas:

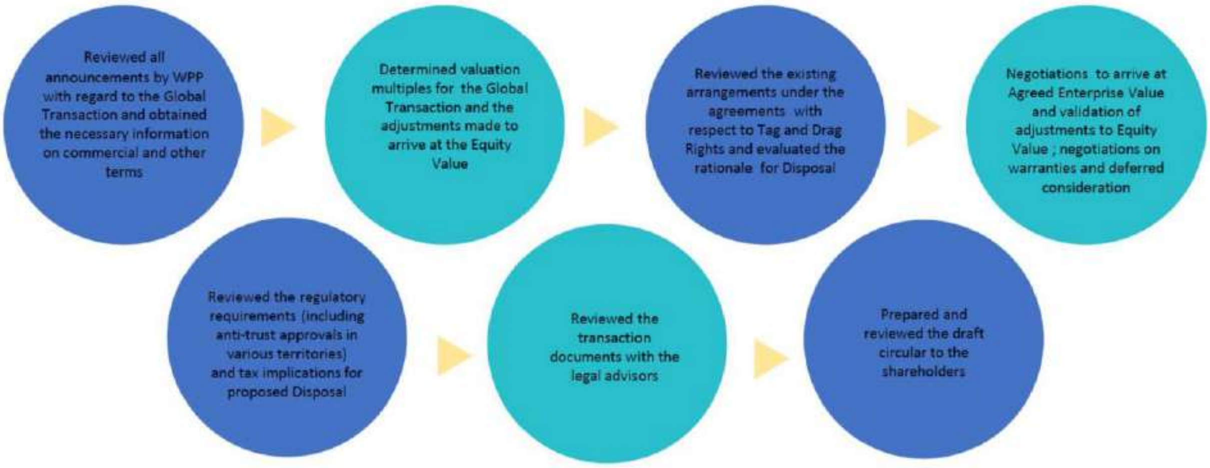
- finance and commercial expertise;
- business and transaction expertise;
- public and private M&A experience; and
- legal expertise.

7.4 The mandate of the Independent Kantar Transaction Committee is to objectively and independently:

- ensure that the Disposal is conducted on an "arm's length" basis and that its terms are in best interests of the Company;
- assess and ensure that the terms of the Disposal are no less favorable than the terms of the Global Transaction (as provided for under the Tag and Drag Rights);
- ensure compliance with all applicable legal requirements in consultation with external legal advisors;
- ensure the proposed structure for the Disposal is appropriate;
- ensure the tax implications of the Disposal are considered; and
- ensure the transaction documents are properly prepared and correctly reflect the terms of the Disposal;

7.5 Process followed by the Independent Kantar Transaction Committee

The process described below was implemented by the Independent Kantar Transaction Committee to ensure that it delivered on its mandate and was able to make a recommendation to the Board in relation to the Disposal:



8. COMMERCIAL TERMS OF THE DISPOSAL

8.1 Enterprise value for purposes of calculating purchase consideration

In order to independently assess the value of the Kantar Africa Business, the Independent Kantar Transaction Committee undertook a detailed review of the enterprise value applicable to the Kantar Africa Business using various implied multiples as follows:

- the enterprise value of the Kantar Global Business pursuant to the Global Transaction results in an implied EBITDA multiple of 8.2 times (see section 6.3 of this Circular). Applying a multiple of 8.2 times the 2019 budgeted EBITDA of the Kantar Africa Business results in an enterprise value for the Africa Business of USD 63.14 million; and

- the enterprise value of the Kantar Global Business pursuant to the Global Transaction results in an implied EBIT multiple of 9.24 times. Applying a multiple of 9.24 times the 2019 budgeted EBIT of the Kantar Africa Business results in an enterprise value for the Africa Business of USD 63.58 million.

Given the difference of USD 0.44million in enterprise value for the Kantar Africa Business based on the analysis outlined above, the Independent Kantar Transaction Committee negotiated an increase of USD 0.44 million to the enterprise value of the Kantar Africa Business for the purposes of the Disposal, which resulted in an enterprise value for the Kantar Africa Business of USD 63.58 million for the purposes of the Disposal (the **Agreed Enterprise Value**).

8.2 Rationale for accepting Agreed Enterprise Value at EBIT multiple of 9.24 times

The multiples of 8.2 times EBITDA and 9.24 times EBIT applicable to the Disposal are significantly higher than the implied multiple resulting from the enterprise value applicable to the acquisition of Kantar TNS Companies by the Company in July 2018 (see section 5.2) and as summarised below:

Implied Multiples for calculating Enterprise Value	For current Disposal	For TNS Kantar acquisition in July 2018 (see section 5.2)
EBIT multiple	9.24	6.90
Revenue Multiple	1.97	1.01

The EBIT multiple of 9.24 negotiated for the sale of the Kantar Africa Business is 33% higher than the EBIT multiple of 6.9 for the 2018 acquisition of the Kantar TNS Companies and the revenue multiple is almost double that for the 2018 acquisition of Kantar TNS Companies in July 2018.

In addition, the Independent Kantar Transaction Committee successfully negotiated that the Company, as the seller, would not provide any operational warranties in relation to the sale of the Kantar Africa Business, and would only provide warranties in relation to title and capacity.

In the opinion of the Independent Kantar Transaction Committee, divesting the Kantar Africa Business as a standalone local business is unlikely to attract the same level of interest from potential buyers or yield similar terms to those achieved through its participation in the Global Transaction.

Based on above, the Independent Kantar Transaction Committee considers the Agreed Enterprise Value of USD 63.58 Million for 100% of Kantar Africa Business has been properly and fairly determined.

8.3 Negotiated bridge between Agreed Enterprise Value and Equity Value

The Agreed Enterprise Value was then adjusted to arrive at Equity Value as follows:

USD Million	Total Kantar Africa Business
Enterprise Value to Equity Bridge	
Agreed Enterprise Value (at 9.24 times EBIT Multiple)	**63.58**
Equity Bridge Adjustments	(4.36)
Deferred consideration items	(1.30)
Equity price for 100% of Kantar Africa Business	**57.92**
Attributed as follows:	
Kantar Miilward Brown	17.02
Kantar TNS	40.90
Total Equity Value for 100% of Kantar Africa Business	**57.92**
Attributable to Scangroup (100% of Kantar Millbrown Brown and 80% of Kantar TNS)	**49.74**

The equity bridge adjustments represent the aggregate amount of net indebtedness for borrowed money, other debt or debt-like items owed as at the Locked Box Date by a Target Group Companies after giving credit for cash and cash equivalents as at the Locked Box Date, where "debt-like items" include, *inter alia*, an adjustment for a shortfall against normalised working capital, tax liabilities and other liabilities for restructuring costs deducted from the Agreed Enterprise Value of the Kantar Africa Business.

Deferred consideration items represent adjustment for claims for which no provision is made of USD 1.3 million (based on a gross amount of USD 1.9 million after taking into account provisions already made), which are under litigation. In the event these are not deemed payable in next three (3) years, the Share Purchase Agreement provides for additional consideration to be paid to the Company of up to USD 1.52 million, being 80% of USD 1.90 million (see section 12.2.2 of this Circular).

8.4 Additional Profit Consideration

The Disposal is based on a locked box mechanism with an equity value of USD 47.74 million (the **Equity Value**) with a "Profit Amount" being added to the consideration in respect of the period from 1 January 2019 to the date of completion of the Disposal at a rate of 4.8% p.a. in USD of the Equity Value (the **Profit Amount**) thereby ensuring the Company continues to benefit from growth in the Kantar Africa Business until completion of the Disposal.

9. RATIONALE FOR THE DISPOSAL

The Independent Kantar Transaction Committee considered the following factors in evaluating the Disposal:

(a) (**Tag and Drag Rights**): The Global Transaction triggers the Drag and Tag Rights under existing arrangements between the Company and the WPP Group in respect of the Kantar Africa Business, which require or entitle (as the case may be) the Company to participate in the Global Transaction through the disposal by the Group to the Joint Venture of 100% of its interest in the Kantar Africa Business. The Independent Kantar Transaction Committee considered that the Drag and Tag Rights could have been exercised by either party to ensure that the Disposal is based on no less favourable terms than the Global Transaction. However, the Independent Kantar Transaction Committee managed, through negotiation, to procure significantly better terms (including as to price) for the Disposal than those that would have been available had the Drag and Tag Rights been exercised (as explained below).

(b) (**Attractive sale terms**): The global, competitive auction sale process conducted by top international advisers ultimately provides the best valuation of the Kantar Global Business. Based on this process, together with the additional negotiation by the Independent Kantar Transaction Committee, the terms of sale of the Kantar Africa Business are attractive specifically considering the following:

- The Company has achieved the same multiple for the Kantar Africa Business as was achieved for the Kantar Global Business, despite the Kantar Africa Business not having the large scale and reach of the Kantar Global Business.
- The Independent Kantar Transaction Committee successfully negotiated that Scangroup, as seller, would not give any operational warranties in relation to the Kantar Africa Business, which would have been required to be provided had the Drag and Tag Rights been exercised, thereby removing a potential contingent liability from the Company and liquidating the cash to be received from the sale of the Kantar Africa Business by ensuring it is unencumbered.

The Independent Kantar Transaction Committee considered that it is unlikely that a stand-alone disposal would achieve a better valuation than that determined under the Disposal, particularly given the multiples achieved for the Disposal are significantly higher than those which were agreed under the 2018 SPA. The EBIT multiple of 9.24 (see section 8.1 of this Circular) applicable to the Disposal is 33% higher than the EBIT multiple of 6.9 paid for the acquisition of the Kantar TNS Companies in July 2018.

(c) (**Kantar access**): The Kantar Africa Business relies to a significant extent on the client network, globally-derived know-how and technology, and brand-presence of the Kantar Global Business, which would not be available to the Kantar Africa Business were it to operate on a stand-alone basis. Furthermore, if the Kantar Africa Business were to seek to operate independently, the Kantar Global Business would be free to re-enter the market as a competitor of the Kantar Africa Business. Participation in the Global Transaction could alleviate the effect of these potential obstacles because the Company's retained business and clients will continue to be able to access Kantar's market insights and data through referral arrangements between the Company and Kantar.

Consequently, the Independent Kantar Transaction Committee and the Board consider that divesting the Kantar Africa Business as a stand-alone, local business is unlikely to attract the the same level of interest from potential buyers, or yield terms (including as to price) which are superior or even comparable to those available to the Company through its participation in the Global Transaction.

(d) (**Disadvantages of not selling**): Retention of the Kantar Africa Business in circumstances where WPP has disposed of a majority interest in the Kantar Global Business would increase the complexity of the Group's operations. This is because, as a business with EBITDA comprising only around 1% of the EBITDA of the Kantar Global Business (based on EBITDA for the 2018 financial year), the Kantar Africa Business relies significantly on access to globally-derived know-how and technology and the Kantar brand-presence and without access to these benefits, the Company would need to invest considerable resources in developing and maintaining the scale of the operational capabilities of the Kantar Africa Business. If the Kantar Africa Business were to operate on a stand-alone basis and did not have access to these benefits (or equivalent resources), the competitive position of the Kantar Africa Business within the relevant African markets may erode and the Kantar Global Business could itself enter those markets as a competitor.

10. IMPACT OF DISPOSAL

10.1 Potential impact of Disposal

Whilst the actual impact of the Disposal will be determined by the actual purchase consideration and the date of completion of the Disposal, the following example illustrates the potential impact of the Disposal based on the assumption that the Disposal completed on 30 June 2019 (being the Group's half year end for financial year 2019):

(a) The Group would have reported a one-off accounting gain on sale of approximately. KES 1.2 billion (on a consolidated basis) as set out below. The actual gain will be based on the relevant figures as at the date of completion of the Disposal.

	USD	KES'000
Equity value (see section 8.3)	49,736,864	
Add: Profit Amount at 4.8% per annum from 1 January 2019 to 30 June 2019 (see section8.4)	1,183,874	
Total consideration (see section 12.2.2)	50,920,738	
Less: estimated costs	(240,000)	
Less: estimated tax	(861,975)	
Net proceeds from sale of Kantar Africa Business	49,818,762	5,097,646
Net consolidated asset value of Kantar Africa Business at 30 June 2019		(2,648,504)
Adjustment to revenue reserves for acquisition of Research & Marketing Group Investment Limited in 2018		(1,209,513)
Expected net gain on Disposal		**1,239,630**

(b) The results (before accounting for any gain on Disposal) of the Kantar Africa Business would have been reported as part of discontinued operations as follows:

Discontinued Operations:	**Six month Earnings to 30 June 2019 KES'000**	**Full Year Earnings to 31 December 2018 KES'000**
Revenue	1,001,260	1,476,395
Other income	2,731	36,482
Expenses	(741,450)	(931,309)
Profit before tax	259,810	545,086
Attributable tax expense	(89,288)	(179,367)
Profit after tax	170,522	365,719
Less: Minority Interest	22,176	36,066
Profit attributable to shareholders of Company	148,345	329,653

Note: The TNS Kantar Companies were acquired by the Company on 1 July 2018.

10.2 Intended use of funds received from the Disposal

The funds received from the Disposal will result in a cash surplus in the Company. As the Independent Kantar Transaction Committee negotiated not to give any operational warranties in respect of the Disposal such cash remains unencumbered.

The Board will review the optimal use of proceeds taking into consideration potential expansion, capital needs and cashflows, but expects that at least 40% of the net proceeds to be returned to Shareholders in the form of a special dividend.

11. RECOMMENDATION OF THE INDEPENDENT KANTAR TRANSACTION COMMITTEE AND THE BOARD

During its transparent assessment process, the Independent Kantar Transaction Committee carefully considered the rationale for and terms of the Disposal and also evaluated the advantages and disadvantages for the Company. The Independent Kantar Transaction Committee unanimously believes that there are significant advantages in pursuing the Disposal and accordingly believes that the Disposal is in the best interests of the Company and Shareholders as a whole for the reasons set out in this Circular.

The Board, on the recommendation of the Independent Kantar Transaction Committee, unanimously recommends that Shareholders vote in favour of the Resolution for the reasons set out above and summarised below:

- given the existing Drag and Tag Rights, the price and overall terms of the Disposal are fair and favourable;
- given WPP plc's ongoing involvement in the Kantar Global Business, the Company will still be able to access the data and expertise of the Kantar Global Business;
- the Kantar Africa Business may not be marketable on a stand-alone basis and, if a separate sale were achieved, the stand-alone business would be unlikely to attract a similar multiple as that applicable to the Disposal; and
- retaining the Kantar Africa Business without the support and collaboration of the Kantar Global Business would require additional expertise to be brought in, which would result in additional costs.

12. THE SHARE PURCHASE AGREEMENT

12.1 On 26 November 2019, the Company entered into a share purchase agreement with WPP plc and Kantar Square to implement the Disposal (the **Share Purchase Agreement**).

WPP plc is the ultimate parent entity of the Company and currently holds approximately 56.25% of the Shares. The Company holds 100% of the issued share capital of the Target Group Companies, other than RMGIL, where the Company holds 80% of the issued share capital, with the remaining 20% of RMGIL being held by International Research and Marketing Group Holdings. International Research and Marketing Group Holdings has agreed, under a separate share purchase agreement, to sell its 20% shareholding in RMGIL to Kantar Square simultaneously with the Disposal.

Kantar Square was established as the main acquisition vehicle for the Kantar Global Business and is, with effect from First Completion, directly owned by the Joint Venture.

12.2 Overview of Share Purchase Agreement terms

The key terms of the Share Purchase Agreement are summarised below.

12.2.1 Entities to be sold

The Kantar Africa Business comprises the Target Group Companies and the Target Group Subsidiaries (as listed below). Pursuant to the Disposal, the Company will sell, or procure the sale by the Nominee Shareholders and its wholly-owned subsidiary, Scangroup Mauritius Holdings, of 100% of the issued share capital of each of these entities other than RMGIL in relation to which the Company will sell its entire shareholding of 80% of the total issued share capital, with the remaining 20% being sold by International Research and Marketing Group Holdings.

Target Group Companies:

(a) Millward Brown East Africa Limited (incorporated in accordance with the laws of Kenya under registration number C.143579);

(b) Millward Brown Nigeria Limited (incorporated under the laws of Nigeria with registration number RC704821);

(c) Millward Brown West Africa Limited (incorporated in accordance with the laws of Ghana under registration number CA-72,678/3273); and

(d) RMGIL (incorporated in accordance with the laws of Mauritius under registration number 094608 C1/GBL),

(together, the **Target Group Companies**).

Target Group Subsidiaries:

The subsidiaries of the Target Group Companies are as follows:

(a) TNS RMS Cameroun Limited (incorporated in accordance with the laws of Cameroon under registration number RC/DLA/2010/B/390);

(b) TNS RMS Cote d'Ivoire S.A.R.L. (incorporated in accordance with the laws of the Ivory Coast under registration number CI-ABJ-2002-B-284-103);

(c) TNS RMS East Africa Limited (incorporated in accordance with the laws of Kenya under registration number C7274);

(d) TNS RMS International (GH) Limited (incorporated in accordance with the laws of Ghana under registration number CA-72,678/3273);

(e) TNS RMS Nigeria Limited (incorporated in accordance with the laws of Nigeria under registration number RC869906);

(f) TNS RMS Senegal S.A. (incorporated in accordance with the laws of Senegal under registration number 004189264/2Y3); and

(g) Kantar Africa Insight Limited (incorporated in accordance with the laws of England and Wales under registration number 5126026),

(together, the **Target Group Subsidiaries**).

12.2.2 Consideration

The purchase price payable to the Company is USD 49.74 million plus the Profit Amount (see section 8.4 of this Circular). The Profit Amount will be calculated as 4.8% per annum over the period from (and including) 1 January 2019 to the date of completion of the Disposal, which Profit Amount is expected to be about USD 3,000,000. The purchase price for the Disposal as well as the Profit Amount is payable in cash and will be allocated to the Company and the other selling members of the Group.

The Group may receive additional consideration of up to USD 1.52 million over next three years in respect of certain contingent liabilities, in the event that such liabilities are lower than currently estimated.

The Company is required to ensure that the Target Group operates on a 'locked box' basis from 1 January 2019 to completion of the Disposal. In broad terms, this means that the Group must compensate WPP plc for any dividends or distributions paid or other financial benefits provided by the Target Group to the Group in the period between 1 January 2019 and the date of completion of the Disposal, other than in respect of certain permitted payments.

12.2.3 Conditions precedent

Completion of the Disposal is subject to the satisfaction or waiver of the following conditions precedent:

(a) (**Regulatory approval**): the Company having obtained the required regulatory approvals from the CMA to issue the requisite public communication, including this Circular, in accordance with the requirements of the NSE Listing Rules - this condition has, as at the date of this Circular, been satisfied;

(b) (**Shareholder approval**): the Shareholders passing the Resolution by the requisite majority;

(c) (**Merger control**): notification to the CCC, and notification to and approval by the CAK, FCC, FCCPC and SEC of the change of control pursuant to the Disposal – the CAK issued their approval on 24 January 2020; and

(d) (**Release of Debenture**): the release of Millward Brown East Africa Limited from the Debenture.

12.2.4 Completion timing

Completion of the Disposal will take place within five Business Days after the conditions precedent (as listed in section 12.2.3 above) have been satisfied or waived unless otherwise agreed by WPP plc and the Company.

12.2.5 Termination

(a) The Share Purchase Agreement may be terminated by WPP plc if the Company does not complete the Disposal when required to do so after all the conditions precedent have been satisfied or waived (other than as a result of a default by WPP plc or Kantar Square) and fails to remedy that failure within five (5) Business Days of receiving notice to do so

(b) The Share Purchase Agreement may be terminated by the Company if:

(i) Kantar Square (or any wholly-owned subsidiary of WPP plc nominated by WPP plc to purchase the Target Group Companies) suffers an insolvency event (e.g. an administrator is appointed, an order is made for the winding up of the buyer etc.); or

(ii) either WPP plc or Kantar Square does not complete the Disposal when required to do so after all the conditions precedent have been satisfied or waived (other than as a result of a default by the Company) and fails to remedy that failure within five Business Days of receiving notice to do so.

(c) In addition, the Share Purchase Agreement will terminate if the conditions precedent to the Disposal have not been satisfied or waived by 30 June 2020 (the **Cut-Off Date**); provided that WPP plc may extend the Cut-Off Date to 12 July 2020 (or such other date as is agreed in writing between WPP and the Company).

12.2.6 Warranties

As previously noted, the Share Purchase Agreement contains limited warranties from the Company in favour of WPP plc and Kantar Square in relation to title and capacity.

12.3 Changes to Board

No changes to the current members of the Board are proposed as a result of the Disposal.

13. STATUTORY AND GENERAL INFORMATION

13.1 Responsibility Statement

The Directors of the Company accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

13.2 Directors' Interests

Name	Shareholding – number of shares held and % of issued share capital	Independent Kantar Transaction Committee Member (Y/N)
Richard Omwela (Chairman)	2,520 – 0.00058%	Yes
Bharat Thakrar (CEO)	46,147,264 – 10.6783% (jointly owned with Sadhna Bharat Thakrar)	No
Jonathan Neil Eggar	300,000 – 0.0694%	No
Satyabrata Das	200,000 – 0.00463%	No

13.3 Forward Looking Statements

This Circular contains forward-looking statements relating to the Company. These forward-looking statements can be identified by the use of forward-looking terminology such as *expects, may, is expected to, believes, is optimistic that, will, will continue, should, would be, seeks or anticipates,* or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions.

These statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Several issues could cause the actual results of the Company to be materially different from the projected results, performance or achievements that may be expressed or implied by such forward-looking statements or pro forma financial information. If any one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Circular as anticipated, believed, estimated or expected.

The Company does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set out in this Circular.

13.4 Why Shareholder approval is required

The Disclosure Regulations require a listed company to obtain shareholder approval prior to selling shares in a subsidiary resulting in the subsidiary ceasing to be a subsidiary of the listed company. As a consequence of the Disposal, the Target Group Companies and the Target Group Subsidiaries will cease to be subsidiaries of the Company. Therefore, the Shareholders are required to approve the Disposal.

14. DOCUMENTS AVAILABLE FOR INSPECTION

14.1 The following documents may be viewed on the Company's website https://www.wpp-scangroup.com/:

(a) a copy of this Circular;

(b) a copy of the Independent Advisor Report;

(c) Scangroup's audited accounts for the last three years (years 2018, 2017 and 2016, which are also available on the website of Scangroup); and

(d) a copy of the High Court Order in Miscellaneous Application No. E680 of 2020.

14.2 A copy of the Share Purchase Agreement may be inspected by Shareholders either:

a. to the extent possible, by appointment at the Company's offices or Image Registrars offices at 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street from Monday 4th May 2020 to Tuesday 26th May 2020 between 9.00 a.m. and 4.00 p.m. (excluding weekends/Sundays and public holidays). Due to the measures introduced through ministerial directives and the Rules regarding social distancing, **all appointments must be arranged with the Company Secretary at least 48 hours in advance.** To arrange an inspection time, Shareholders should send an email to the following address Documents.EGM@wpp-scangroup.com, providing their full details (full names, Kenyan national identity card/Passport Number/CDSC Account Number) and outlining their request to physically inspect the Documents and the SPA; **OR**

b. by request to the Company Secretary by email to the following address: Documents.EGM@wpp-scangroup.com, providing their full details (full names, address, ID/Passport Number/CDSC Account Number) outlining their request to view the SPA which request must be made on or before Tuesday 26th May 2020.

As the SPA remains a confidential document any Shareholder wishing to inspect the same will be required to confirm that they will maintain confidentiality by way of entry into of a non-disclosure agreement with the Company.

ANNEXURE: REPORT OF THE INDEPENDENT ADVISOR

DYER & BLAIR
INVESTMENT BANK

Founder Members of the NSE (1954)

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31st March 2020

Private and Confidential

The Board of Directors of WPP Scangroup PLC
Chancery Building, Valley Road
P.O.Box 34357 - 00100
Nairobi
Kenya

Dear Directors,

RE: INDEPENDENT ADVISOR OPINION ON THE PROPOSED SALE OF THE KANTAR AFRICA BUSINESS BY WPP SCANGROUP PLC TO KANTAR SQUARE TWO B.V.

We were engaged by WPP Scangroup PLC ("**WPP Scangroup**") to prepare an Independent Advisor's Opinion covering the following matters with regard to the proposed sale of the Kantar Africa Business, by WPP Scangroup, to Kantar Square Two BV:

- Conduct an independent valuation of the Kantar Africa Business and prepare a valuation report of the same;
- Review the proposed offer for the Kantar Africa Business and prepare an Independent Advisor's Fairness Opinion for inclusion in the Circular to Shareholders of WPP Scangroup;
- Review the work of the Independent Board Committee with respect to negotiating the offer and comment on the same for inclusion in the Circular;
- Comment on the likely impact of the transaction on WPP Scangroup for inclusion in the Circular to Shareholders.

Our Independent Advisor Opinion report is attached.

As set out in our report, in our opinion, the sale price is fair and reasonable to WPP Scangroup.

This report should not be read without reference to the Shareholders' Circular.

Yours faithfully,

Cynthia Mbaru

Cynthia Mbaru
Director
Dyer and Blair Investment Bank Limited
7th Floor, Goodman Tower, Off Waiyaki Way
P.O.Box 45396 – 00100
Nairobi
Kenya

A non-deposit taking financial institution

1. Introduction

INDEPENDENT ADVISOR OPINION ON THE PROPOSED SALE OF THE KANTAR AFRICA BUSINESS BY WPP SCANGROUP PLC TO KANTAR SQUARE TWO B.V.

1.1 Background

WPP Scangroup PLC ("**WPP Scangroup**") is a marketing and communication group which is listed on the Nairobi Securities Exchange ("**NSE**"). WPP Scangroup wishes to dispose of the Kantar Millward Brown (which comprises of Millward Brown East Africa Ltd, Millward Brown West Africa Ltd and Millward Brown Nigeria) and Kantar TNS (which comprises of Research & Marketing Group Investment Ltd) (together the **"Kantar Africa Business"**), through sale of shares to Kantar Square Two B.V. as part of the global sale of WPP PLC's ("**WPP**") data, research, consulting and analytics business and hereof (the **"Kantar Transaction"**). A share purchase agreement (the **"SPA"**) was signed on 26th November 2019 between WPP Scangroup, WPP and Kantar Square Two B.V. for the disposal of the Kantar Africa Business. WPP Scangroup owns 100% of Kantar Millard Brown and 80% of Kantar TNS.

In July 2018, WPP Scangroup acquired 80% of RMGI from WPP in which 70% was paid for through the issuance of additional shares in WPP Scangroup and 10% was paid in cash. Thereafter, RMGI and Millward Brown traded under Kantar Millward Brown and Kantar TNS. The share purchase agreement for this transaction ("**2018 SPA**") included tag and drag rights for the Kantar Africa Business in the event any WPP group company sold its interest in the global Kantar business. Under the tag right, WPP Scangroup had the right to sell the Kantar Africa Business as part of any sale of the Global Kantar Business. Under the drag right, the WPP was entitled to compel WPP Scangroup to sell the Kantar Africa Business alongside a sale by the WPP of the Global Kantar Business.

The rationale for the disposal of Kantar Africa Business is related to WPP and its strategy to develop Kantar with a strategic partner through a partial sale. In December 2018, the Board of Directors of WPP embarked on looking for buyers for its Global Kantar Business through a competitive auction process run by Goldman Sachs International, Ardea Partners International LLP, Lazard Freres & Co LLC and BofA Merrill Lynch. The process was completed in July 2019 when WPP entered into a conditional agreement with Bain Capital Private Equity (Europe) LLP (**"Bain Capital")** to sell 60% of Kantar. WPP would remain a shareholding of 40% and the Kantar Business would be held through a joint venture (the **"Global Transaction"**)Th Global Transaction would trigger the tag and drag rights captured in the 2018 SPA between WPP Scangroup and WPP and consequent to this WPP Scangroup and Kantar Square Two BV entered into a share purchase agreement ("2019 SPA"). The 2019 SPA is subject to certain conditions, including approval by the CMA of the shareholders' circular and shareholder approval of the Disposal.

1.2 Terms of Reference

Dyer & Blair Investment Bank Limited ("Dyer & Blair") was appointed by WPP Scangroup as Independent Advisor to provide a fairness opinion on the sale price for the Kantar Africa Business. The services provided are outlined below:

- Conduct an independent valuation of the Kantar Africa Business and prepare a valuation report of the same;
- Review the proposed offer for the Kantar Africa Business and prepare an Independent Advisor's Fairness Opinion for inclusion in the Circular to Shareholders of WPP Scangroup;
- Review the work of the Independent Board Committee with respect to negotiating the offer and comment on the same for inclusion in the Circular;
- Comment on the likely impact of the transaction on WPP Scangroup for inclusion in the Circular to Shareholders.

This Independent Advisor's Opinion report has been prepared for the exclusive use of the Board of WPP Scangroup to assist it in making recommendations to shareholders for which it alone is responsible and for the sole purpose of providing opinion on fairness of the transaction value, in the framework of completing a Shareholder's Circular (the "Circular") as required under the Capital Markets (Securities)(Public Offers, Listing and Disclosures) Regulations,2002, amended 2019, (the "CMA Regulations").

1.3 Independence

Dyer & Blair is a limited company licensed to act as an Investment Bank by the Capital Markets Authority ("CMA") and has been a member of the NSE since 1954. It provides a diversified range of financial services to an extensive client base that includes: governments, corporations, financial institutions, institutional investors, retail investors and high net-worth individuals with its principle services including: investment banking (corporate finance and advisory), brokerage service, asset management and research.

Dyer & Blair hereby confirms that we are eligible to provide the services as Independent Advisors as per the CMA Regulations. Our fees do not involve any contingent element, and neither does Dyer & Blair nor any of its employees have any material financial interest dependent on the outcome of this transaction, other than the fees payable for the valuation and independent fairness opinion services.

Dyer & Blair does not hold any shares in WPP Scangroup, directly or indirectly. Dyer & Blair does not have any interest, direct or indirect, beneficial or non-beneficial, in WPP Scangroup or the outcome of the transaction.

2. Consent

We hereby give our consent to the inclusion of this opinion and the inclusion of the references of our report in the form and context in which it appears in the circular to the shareholders of WPP Scangroup.

3. Limitations of Review

The assignment was undertaken solely and expressly on the basis that Dyer & Blair shall not be liable for any direct, indirect or consequential loss for damage suffered by any party arising from the fulfillment of these transactions.

By inclusion in the Circular, this report is also solely availed to the shareholders of WPP Scangroup, the CMA and NSE in connection with the Kantar Transaction, and hence may not be reproduced or used for any other purposes without our prior written consent.

The valuations contained in this report must be interpreted with the exclusive reference to the Kantar Transaction, and no part of it may be used without considering the Circular in its entirety. This report does not constitute a recommendation to any ordinary shareholder of WPP Scangroup as to how to vote at any meeting relating to the proposed Kantar Transaction or on any matters relating to it, nor as to the acceptance of the transaction. Therefore, it should not be relied upon for any other purpose.

We assume no responsibility to anyone if this review opinion is used or relied upon for anything other than its intended purpose.

Forecasts relate to future events and are based on assumptions that may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those forecasts.

Our report holds true as at the date of issue of the report, and based on the current economic and regulatory conditions and the assumptions made thereon as well as the information made available to us by WPP Scangroup's management up to the date of this report. Accordingly, we are under no obligation to update this report because of events and transactions occurring subsequent to the date of this report.

4. Definition of Fair and Reasonable

An offer is generally fair and reasonable if the purchase consideration is equal to or greater than the value of the entity that is the subject of the transaction.

In our review of the fairness of the valuation and the transaction, we have considered the quantitative as well as the qualitative issues surrounding the particular offer. An offer may be fair and reasonable if all significant factors have been considered in arriving at the consideration to be offered.

It should be noted that this review opinion does not purport to cater for individual shareholders' positions, but rather the general body of shareholders. A shareholder's decision regarding the fairness and reasonableness of the offer may be influenced by his or her particular circumstances. Should a shareholder be in doubt, he or she should consult an independent adviser as to the merits of the offer, considering his or her personal circumstances.

5. Sources of Information Used

Our report is based on the information provided to us by the Management of WPP Scangroup. Management is therefore deemed solely responsible for the integrity of data and information submitted to us. We have relied on the following information in order to ascertain the value of the shares for WPP Scangroup:

1. Audited financial statements for the year ending 2018;
2. Management accounts and forecasts for the year ending 2019 and 2020;
3. Precedent valuation reports in similar transactions by the Company;
4. Shareholding structures for Kantar Africa Business as at 31st December 2018;
5. Share Purchase Agreement signed on 26th November 2019 between WPP Scangroup, WPP and Kantar Square Two B.V. ; and
6. Discussions with Management and the Independent Board Committee.

6. Transaction Overview

6.1 Terms of the Sale

Kantar Square Two B.V. will acquire 100% of Kantar Millward Brown and 80% of Kantar TNS from WPP Scangroup through this transaction as part of a global transaction to acquire the Kantar Global Business from WPP. The financial terms offered to WPP Scangroup are in line with the Global Transaction.

The transaction is based on a Locked Box method with purchase price fixed as per the Locked Box Date of 31st December 2018 with adjustment for additional consideration based on the formula for calculating Profit Amount for the period between Locked Box Date and Completion Date. The formula below will be used to determine the final purchase price.

The purchase price means:

a. Base Consideration of USD 49,736,864 ; plus
b. Profit Amount (which means an amount equal to X = CP x A/365 x 4.8 per cent, where “CP” is the amount equal to the Base Consideration, and “A” is the number of days in the Locked Box Period starting from 1st January 2019 to completion); plus
c. Any Deferred Consideration.

The transaction is subject to the satisfaction or waiver of the following conditions:

a. Shareholder Approval;
b. Regulatory Approval from CMA and CAK;
c. Release of Millward Brown East Africa Limited from the Debenture; and
d. Written confirmation from WPP to WPP Scangroup that the Global Transaction Conditions have been satisfied or waived.

6.2 Appointment of Independent Board Committee to negotiate purchase price with Kantar Square Two B.V

Following the announcement by WPP on 12 July 2019 regarding the sale of Global Kantar Business, the Board of Scangroup considered the implications of the Global Transaction with respect to its Kantar Africa Business and made a cautionary announcement on 31 July 2019, confirming that the sale by WPP would trigger the "drag and tag rights" under the 2018 SPA in place with WPP.

To evaluate the purchase price offered by Kantar Square Two B.V., WPP Scangroup established an Independent Board Committee made up of Directors with no affiliation to WPP. The three Board Directors selected were Ms. Patricia Ithau, Mr. Richard Omwela and Mr. Pratul Shah. The Independent Board Committee's mandate was as follows:

i. Assess whether the Disposal is in the best interests of Scangroup;
ii. Ensure that the Disposal is conducted on an "arm's length" basis; and
iii. Assess and ensure that the terms of the Disposal are based on no less favourable terms than the Global Transaction as provided for under the tag and drag rights in the agreement for the acquisition of RMGI by WPP Scangroup.
iv. The Committee's mandate also required the Committee to:
    a. ensure compliance with the requirement of the law in consultation with WPP Scangroup's & WPP's legal advisors; A&K and Bowmans respectively, both leading Kenyan law firms
    b. review the proposed structure for the proposed transaction and ensure that it is appropriate; and
    c. review the tax implications that may arise as a result of the proposed transaction
    d. to be actively involved in the negotiations of the deal and work to ensure that the Disposal met all of the requirements set out in their mandate

The Independent Board Committee adopted a valuation approach which took into account the implied multiple for the Enterprise Value ("**EV**") for the Global Transaction and applied it to the Kantar Africa Business. This amounted to 8.2x EBITDA (i.e. earnings before interest, tax, depreciation and amortisation) and the Independent Board Committee agreed on USD 49,736,864 as the base consideration of the purchase price, which was determined as detailed in table below.

USD Million	Kantar Millward Brown Business	Kantar TNS Business	Total Kantar Africa Business
Standalone EBITDA	**1.6**	**6.1**	**7.7**
Enterprise Value Multiple for the Global Transaction[1]	**8.2x**	**8.2x**	**8.2x**
Enterprise Value on EBITDA multiple basis	**12.9**	**50.3**	**63.14**
Adjustment to align with Implied EBIT multiple from tag along[2]	**0.1**	**0.3**	**0.4**
Enterprise Value on EBIT multiple basis	**13.0**	**50.6**	**63.54**
Net working capital adjustment[3]	**0.2**	**(0.4)**	**(0.2)**
Net Cash/Debt Adjustment[4]	**4.7**	**(5.6)**	**(0.9)**
Deferred consideration items[5]	**-**	**(1.3)**	**(1.3)**
WPP Scangroup share of Global Transaction bridge adjustments[6]	**(0.9)**	**(2.4)**	**(3.3)**
Subtotal net equity price	**17.0**	**40.9**	**57.9**
WPP Scangroup's Share (100% Kantar Millward Brown and 80% Kantar TNS)	**17.0**	**32.7**	**49.7**
Minority (20% of Kantar TNS)		**8.2**	**8.2**
Total Equity Value	**17.0**	**40.9**	**57.9**

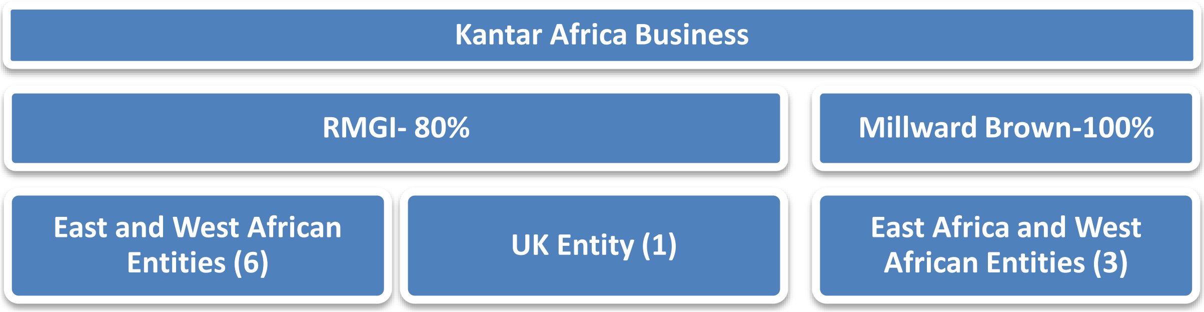
[1] Multiple of 8.2 times EBITDA for the Global Transaction
[2] Addition to Enterprise Value valuation to align with Implied EBIT multiple (Implied EBIT for Global Transaction was 9.24x. When applied to Kantar Africa Business, it results in a higher Enterprise Value than using Implied EBITDA multiple. The difference is USD 440,000 which was added to the valuation)
[3] Net Working Capital adjusted
[4] Cash/debt related adjustments
[5] Deferred consideration item adjustment
[6] Share of restructuring costs

7. Our Independent Valuation of the Kantar Transaction

7.1 Introduction

The objective of the valuation is to provide an assessment of the fair value of the Kantar Africa Business and provide an opinion to predicate the fairness and reasonableness of the purchase consideration as provided in the Global Transaction. In undertaking this assessment, we have relied on the information provided and referenced in Section 5.

The Kantar Africa Business provides data, insight, market research and consultancy to companies looking to augment their brand value and improve market efficiency. It comprises of the Millward Brown entities and the RMGI entities that operate in West Africa and East Africa and serve the markets within Sub Saharan Africa.



7.2 Summary of Work Done

These are the steps we undertook to conduct a fair valuation of the Kantar Africa Business:

TASK	DESCRIPTION
A) **ANALYSIS OF THE OPERATIONS AND HISTORICAL FINANCIAL PERFORMANCE FOR EACH SUBSIDIARY.**	The analysis of historical performance was done: To enhance our understanding of the business and its future prospects (business review); and To ascertain the reasonableness of the financial projections for the period to 31st December 2020.
B) **AN ASSESSMENT OF THE LIKELY FUTURE PROJECTIONS OF KANTAR AFRICA BUSINESS.**	We reviewed the financial projections and management accounts for the periods ending December 2019 and December 2020 to assess and determine whether the projections are reasonable. These projections contain management's assumptions on the potential revenues and expenditures expected over the period. We reviewed these projections for each of the subsidiaries.
C) **SELECTION OF APPROPRIATE VALUATION METHODS AND ESTIMATION OF THE RELEVANT VALUATION PARAMETERS.**	We selected the following valuation methods: **Income approach:** Capitalisation of Earnings (CoE) approach. We applied the Cost of Capital as the Capitalisation rate and determined sustainable EBITDA. We calculated EBITDA and Cost of Capital for each subsidiary separately in the different currencies to arrive at the final consolidated enterprise value in Kenya Shillings. **Market approach:** EV/EBITDA trading and transaction multiple. Our selection was informed by the nature of operations of the business and the availability of reliable forecasts.
D) DETERMINING FAIR VALUE	We used a weighted average of all valuation methods to determine the fair Enterprise Value of the Kantar Africa Business.

7.3 Summary of Valuation methodologies considered

We considered, broadly, three valuation methodologies, i.e., income approach, market approach and asset approach.

Methodology	Description	Applicable to Kantar Africa Business?	Rationale
Income Approach	**We evaluated the applicability of the Discounted Cash Flow Method (DCF) and Capitalization of Earnings**		
DCF	Forecasting Free Cash Flows by forecasting the components of the P&L statement, Statement of Financial Position and Statement of Cash Flow, determining an appropriate discount rate and using the rate to discount the future cash flows to the present.	**No**	Kantar Africa's business is c. 60% based on short term contracts (less than a year), thus not feasible to undertake a DCF for long-term forecasts. There are also no reliable forecasts for more than a year.
CoE	Forecasting earnings (maintainable over a period of time) and using a capitalization rate, adjusted for stable growth, to discount the earnings to the present	**Yes**	Due to the limitations of DCF, we applied this method by averaging EBITDA of 2019 Budgeted figures and 2020 This technique is also suitable for mature businesses with low capex requirements.
Market Approach	**We evaluated applicability of trading multiples and Precedent Transaction multiples**		
Trading Multiples	Using multiples of comparable quoted companies to determine the market value of the business.	**Yes**	We selected peers EV/EBITDA multiplies and used the mean and median multiples to determine a value.
Precedent Transactions	Using multiples of comparable previous transactions to determine the market value of the business.	**Yes**	We selected TV/EBITDA multiplies and used the mean and median multiples to determine a value.
Asset Approach	**We evaluated the applicability of Net asset Value**		
NAV	Using the net assets of the business to determine value	**No**	The nature of the business is that it is asset light and using this method may not capture the true value of the business.

7.4 Valuation Assumptions

7.4.1 Income Approach: Capitalization of Earnings

This approach reflects the value of a company as determined by applying an applicable capitalization rate to the company's maintainable earnings. This approach is a derivation or simplification of the Discounted Cash Flow (DCF) method. This methodology was selected due to the, predominantly, short term nature of the business.

There are two key factors to consider while using this approach:

- **Maintainable Earnings** - these are the historical level of profits which in the normal course of trading, one would normally expect a business to be capable of sustaining. In this context, we have employed a sum of parts approach and determined the historical and forward looking EBITDA for each of the subsidiaries that constitute the Kantar Africa business. In selecting the multiple to be used we considered the nature of the company and the reach of its operations. The value of the Kantar Africa Business is derived from the income statement and given its wide reach of operations in various countries, we selected EBITDA as the most appropriate representative of value, for its ability to take into consideration the different depreciation policies, debt structures and tax regimes embodied within the group. We have reviewed the 2019 budgeted and 2020 forecast EBITDA and having made such adjustments as we considered necessary, we have determined the sustainable earnings for each subsidiary and converted to Kenya Shillings .

- **Capitalization rate** - The capitalization rate is the required rate of return less the expected sustainable growth rate. In this context, we have used the Capital Asset Pricing Model (CAPM) methodology to calculate the Cost of Capital, for each subsidiary as each jurisdiction has different macro-economic experiences and inherent risks.

The below table represents the Enterprise Value and implied EBITDA multiple achieved.

	Total- Kantar Africa Kshs
Fair Enterprise Value	**6,014,487,890**
EBITDA as at Locked Box Date	**803,289,690**
Implied EBITDA Multiple	**7.5x**

7.4.2 Market Approach: Trading Multiples

In relative valuation, the objective is to value a firm based upon how similar firms are priced by the market. To value firms on a relative basis, prices have to be standardized usually by converting prices into multiples of some common variable. For this valuation, we are using EV/EBITDA as it a better representation of value for the nature of the business.

The comparable companies were selected from emerging markets in the Africa, Middle East and Asia. Those that have a similar GDP PPP to Kenya. Further to this, we compared the revenue and EBITDA of the selected companies to Kantar Africa business and selected the companies with a range of values that were comparable to the Kantar Africa Business. In as much as the regions are comparable, they are not entirely similar as there are different operating conditions and the companies serve different markets.

These are the peers selected for the EV/EBITDA trading multiple.

Company	Exchange	Activities	EV/EBITDA
Vietnam National Trade Fair and advertising company	Vietnam	A leading service provider in advertisement, communication, event, exhibition and international trade promotion	3.44x
Innity Corp.	Malaysia	A company offers technology-based online advertising solutions and other related Internet services. The Company's segments include Malaysia, Singapore, Indonesia, Vietnam, Philippines, Hong Kong/China and Taiwan.	7.16x
WPP Scangroup	Kenya	Communication, Ad and PR agencies	8.12x
Mean			**5.30x**
Mean with control premium and other adjustments			**6.90x**

We have excluded WPP Scangroup from the valuation as it is the parent company of the Kantar Africa Business and the multiple has been impacted by the associated cautionary announcement that followed.

We have also adjusted the mean trading multiple for control premium and assumed debt adjustments and arrived at multiple of 6.90x.

7.4.3 **Market Approach**: **Precedent Transaction Multiples**

The Precedent transaction multiple approach is based on the premise that the value of a company can be estimated by analyzing the prices paid by purchasers of similar companies under similar circumstances. This analysis assists in understanding the multiples and premiums paid in a specific industry and obtaining information on private market valuations.

The quality of a precedent transaction analysis is dependent on the selection of the most relevant transactions. When choosing relevant transactions, the following criteria must be considered:

- **Industry characteristics** – Target company's business characteristics should be comparable. For our selection we focused on transactions involving target companies in the Advertising sector.
- **Transaction-specific characteristics** – It is necessary to understand the background and circumstances surrounding the transaction to extract meaningful insights. For our selection, we focused on transactions that have taken place in similar regional operating environments, on a cash basis and M&A type of transactions, where control was achieved. This would offer

some similarity in terms of circumstances and background. We widened our selection to include transactions where the percentage sought was from >50% to 100%. This is because the universe of comparable transactions was small.

- **Timing** – The more recent the data, the more relevant the benchmark. For our selection, we selected a wide data range and used an average of similar deals undertaken within that range. We expanded our range of comparable transactions to cover transactions that took place from 2012 to current date, as the universe of recent transactions was limited.

Date	Target Company	Country	Percentage Sought	EV/EBITDA
2013	**WPP Scangroup**	Kenya	50.1%	11.4x
2018	**Kantar TNS**	Kenya	80.0%	3.9x
	Mean			**7.7x**

Both transactions selected include WPP Scangroup due to the fact that the transactions best represent the specific circumstances of the Global transaction and there is limited target information on other acquisitions within the regions identified and specifically the marketing and communications industry.

7.5 Fair Value Summary and Conclusion

In arriving at the fair enterprise value for the Kantar Africa Business, we assigned different weights to each of the approaches used for valuation as follows:

Methodology	Implied multiple	EBITDA	Weighting	Weighted Average
Capitalisation of Earnings		7.9x	1/3	2.6x
Trading Multiples: Mean		6.9x	1/3	2.3x
Transaction Multiples: Mean		7.7x	1/3	2.6x
Fair Enterprise Value Multiple				**7.5x**

Comparison of the Fair Enterprise Value of the Kantar Africa Business to the Enterprise Value used for the transaction.

	Parameter Used	Fair Enterprise Value
Fair Value Assessment	Implied EBITDA Multiple of 7.5x	**Kshs. 6,014,487,890**
		USD 57.44 million
Kantar Africa Transaction	As per paragraph 6 of report	**Kshs. 6,608,160,000**
		USD 63.54 million

Comparison of Fair Equity Value of the Kantar Africa Business to the Base Consideration Value for 100% of the Equity used for the transaction.

	Fair Enterprise Value USD Mn	Less Debt and other adjustments USD Mn	Equity Value USD Mn
Fair Value Assessment	57.44	(5.64)	**51.8**
Kantar Africa Transaction	63.54	(5.64)	**57.9**

Base Consideration under the Share Purchase Agreement	
Attributable to WPP Scangroup	**49.7**
Attributable to Minority Interests	**8.2**
	57.9

In our opinion, the Base Consideration is fair and reasonable. The Base Consideration is more than the fair value of the Kantar Africa Business by 11.8% (in USD terms). In addition to the Base Consideration of USD 49,736,864, the final equity price includes a profit amount to be paid to WPP Scangroup for the period between the locked box date (i.e. 31 December 2018) and Completion of the transaction. Thus the final equity price will increase upon completion and assuming that the transaction completes at end of May 2020, the profit amount could be USD 3,381,562 making a total gross consideration of USD 53,118,426 for WPP Scangroup. There is also provision for a potential deferred consideration over the next three years in respect of certain contingent liabilities amounting to USD 1.52 million, in the event they are lower than estimate.

8. Comment on the likely impact of the transaction on the WPP Scangroup

The sale of the Kantar Africa Business will impact WPP Scangroup in two ways:

- It will result in an one off accounting gain due to the proceeds from the sale in FY 2020
- Assuming that the sale is completed in 2020, there will be a reduction in top line revenue and earnings for WPP Scangroup for part of FY 2020 (depending on close of the transaction) with the full effect felt in FY 2021

8.1. Potential Impact of the Disposal

WPP Scangroup will report a one-off accounting gain on sale of approximately KShs. 1.2 billion (on a consolidated basis) as set out below (assuming the transaction was completed on 30 June 2019). The actual gain will be based on the relevant figures as at the date of completion.

	USD	Kshs'000
Equity Value	**49,736,864**	
Add: Profit Amount at 4.8% per annum from 1 January 2019 to 30 June 2019	**1,183,874**	
Total Consideration	**50,920,738**	
Less: Estimated Costs	**(240,000)**	
Less: Estimated Tax	**(861,975)**	
Net proceeds from sale of Kantar Africa Business	**49,818,762**	**5,097,646**
Net consolidated asset value of Kantar Africa Business at 30 June 2019		**(2,648,504)**
Adjustment to revenue reserves for acquisition of Research & Marketing Group Investment Limited in 2018		**(1,209,513)**
Expected Net Gain on Disposal		**1,239,630**

8.2. Reduction in top line revenue and earnings and respective reporting

The results (before accounting for any gain on disposal) of the Kantar Africa Business will be reported as part of discontinued operations. The table below illustrates the impact of earnings based on results for 6 Month to 30 June 2019 and year ended 31 December 2018.

Kantar Africa Business Operations	Six Month Earnings to 30 June 2019 Kshs '000	Full Year Earnings to 31 December 2018 Kshs '000
Revenue	**1,001,260**	**1,476,395**
Other Income	**2,731**	**36,482**
Expenses	**(741,450)**	**(931,309)**
Profit Before Tax	**259,810**	**545,086**
Attributable Tax Expense	**(89,288)**	**(179,367)**
Profit After Tax	**170,522**	**365,719**

Less: Minority Interest	**22,176**	**36,066**
Profit attributable to shareholders of Company	**148,345**	**329,653**

9. Comment on the Independent Board Committee with respect to negotiating the proposed offer

The Committee was of the view that the price and terms of the Disposal were favorable and met the conditions of Tag and Drag rights. They unanimously recommended that the Disposal be accepted by the Board. We reviewed the work of the Independent Board Committee with respect to the following matters.

9.1. Our Fair Value Price vs Final Purchase Price

Through our valuation, we obtained a Fair Value which was lower than the base consideration of the Final Purchase Price by 11.8 % (in USD terms). Due to the Locked Box Mechanism, it is anticipated that the Final Purchase Price will increase due to the Profit Amount. In our view, the Independent Board Committee negotiated price was acceptable and fair.

9.2. Initial Purchase Price vs Final Purchase Price

Part of the Independent Board Committee's mandate was to ensure the final terms were no less favourable than the Global Transaction and was conducted on an "arm's length" basis. From our review, the Independent Board Committee was able to negotiate with Kantar Square Two B.V. to improve their initial purchase price and it also successfully negotiated to remove all operational warranties.

In our view, the Independent Board Committee negotiated significantly improved terms for Shareholders.

9.3. Valuation Methodology

We reviewed the valuation methodology that the Independent Board Committee used. The mandate of the Independent Board Committee was to ensure that the terms were no less favourable than the global transaction terms. The Committee used the Implied EBITDA multiple which was also one of the valuation methods that we used.

In our view, the Independent Board Committee used a market appropriate valuation methodology which was favourable compared to the fair value assessed by us.

9.4. Operational Warranties

From our review of the 2019 SPA between WPP Scangroup and Kantar Square Two B.V., we noted that WPP Scangroup would not have to offer any operational warranties to the buyer. WPP would be taking up the operational warranties. This would mean that WPP Scangroup would not be liable for any operational issues that arise post transaction close.

In our view, the absence of operational warranties is very positive for the Shareholders of WPP Scangroup and thus, the negotiations by the Independent Board Committee added value for the Shareholders.

9.5. Conclusion

Based on the valuation performed, and after taking into consideration all the financial considerations, foregoing assumptions, regulatory environment and review of the valuations working prepared by the Management and the Independent Board Committee, the proposed acquisition price recommended to WPP Scangroup by way of a share purchase offer is fair and reasonable.

For the purposes of this Report, the impact of Corona COVID-19 virus on the valuation has not been considered. However, we would expect that the pandemic would have a detrimental impact on the valuation of the Kantar Africa Business and on business valuations in Africa generally. Therefore, we would expect that the valuation agreed in November 2019 would be more favourable to Shareholders under the circumstances.

10. Summary

The valuation above does not take into account the potential impact of the current global events relating to the Corona COVID-19 virus, which is likely to have a serious impact on all the economies in the world and on the valuations of most businesses. As the share purchase agreement was signed in November 2019 and provided that the transaction gets completed within the long stop date of 30 June 2020, the valuation achieved under the transaction is, in our opinion, attractive for the shareholders

Given that the assessed fair value is lower than the Base Consideration, we are of the opinion that the proposed transaction has resulted in a fair and reasonable price for the disposal of Kantar Africa Business.

11. Disclosures

The following disclosures include information required in the Independent Advisor Circular. The information on the firm, intentions on the continuation of business, and outlook on the industry were provided by the management of WPP Scangroup.

Intentions regarding future working relationship with the Kantar Africa Business

Upon completion on the Kantar Transaction, Kantar Square Two B.V. intends to continue the business of Kantar Africa Business, as currently conducted and as will be determined by its executive management. WPP Scangroup will continue to have a working relationship with the Kantar Africa Business.

Commercial justifications for the proposed transaction

The commercial justification for the transactions broadly covers three points. The transaction between WPP and Kantar Square Two B.V. triggered the tag and drag rights with respect to Kantar Africa Business. This meant that WPP Scangroup could participate in the transaction or be compelled to. Secondly, the commercial terms offered to WPP Scangroup were the same as the commercial terms offered to WPP by Kantar Square Two B.V. Finally, it is important to note that Kantar Africa Business is a very niche business which would have made it difficult for WPP Scangroup to find buyers for the Africa business alone. There are also no restrictions to Kantar Square Two B.V. to set up a rival business to Kantar Africa Business in Africa which would leverage off the resources of the Global Kantar Business. These would be resources that Kantar Africa Business would no longer have access to. Such competition would impact the overall value of Kantar Africa Business. It is noted that despite the proposed sale, the working relationship between Kantar Africa Business and WPP Scangroup would continue.

Reasonableness of the Kantar offer

Based on the underlying valuation analysis of the business of, we consider the transaction price to be reasonable and fair in respect to the premium EBITDA multiple offered and as compared to the most recent multiple valuation achieved for the Company's recent transaction.

Accuracy of profit forecasts

The forecasts of WPP Scangroup future financial performance and position are based on past historical trends of the company, information obtained from management discussions as well as our subjective opinion regarding the certain variables. Consequently, the profit forecasts involve uncertainties and the future performance of the company may differ from the forecasts. Thus, no guarantee is presented or implied as to the accuracy of specific forecasts or predictive statements.

Information regarding the holdings of any voting shares or convertible securities

Neither WPP Scangroup nor any of its current directors hold, directly or indirectly, any voting shares or convertible securities in Kantar Square Two B.V. during the period commencing six months prior to the beginning of the transaction and prior to the approval of the Shareholders' Circular by CMA.

As at the date of this Independent Opinion, the Directors of WPP Scangroup and their respective shareholding in WPP Scangroup (direct and indirect) is outlined below.

Name	Position	Shares in WPP Scangroup	Percentage holding
Richard Omwela	**Chairman**	**2,520**	**0.00058%**
Bharat Thakrar	**Chief Executive Officer**	**46,147,264**	**10.6783% (jointly owned with Sadhna Bharat Thakrar)**
Jonathan Neil Eggar	**Director**	**300,000**	**0.0694%**
Satyabrata Das	**Chief Finance Officer**	**200,000**	**0.00463%**