



Q3 TRADING UPDATE

26 October 2023

2023

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains statements that are, or may be deemed to be, "forward-looking statements". Forward-looking statements give the Company's current expectations or forecasts of future events. An investor can identify these statements by the fact that they do not relate strictly to historical or current facts.

These forward-looking statements may include, among other things, plans, objectives, beliefs, intentions, strategies, projections and anticipated future economic performance based on assumptions and the like that are subject to risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'guidance', 'intend', 'may', 'will', 'should', 'potential', 'possible', 'predict', 'project', 'plan', 'target', and other words and similar references to future periods but are not the exclusive means of identifying such statements. As such, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Company. Actual results or outcomes may differ materially from those discussed or implied in the forward-looking statements. Therefore, you should not rely on such forward-looking statements, which speak only as of the date they are made, as a prediction of actual results or otherwise. Important factors which may cause actual results to differ

include but are not limited to: the impact of, epidemics or pandemics including restrictions on businesses, social activities and travel; the unanticipated loss of a material client or key personnel; delays or reductions in client advertising budgets; shifts in industry rates of compensation; regulatory compliance costs or litigation; changes in competitive factors in the industries in which we operate and demand for our products and services; our inability to realise the future anticipated benefits of acquisitions; failure to realise our assumptions regarding goodwill and indefinite lived intangible assets; natural disasters or acts of terrorism; the Company's ability to attract new clients; the economic and geopolitical impact of the Russian invasion of Ukraine and conflicts arising in other international markets; the risk of global economic downturn, slower growth, increasing interest rates and high and sustained inflation; supply chain issues affecting the distribution of our clients' products; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; the Company's exposure to changes in the values of other major currencies (because a substantial portion of its revenues are derived and costs incurred outside of the UK); and the overall level of economic activity in the Company's major markets (which varies depending on, among other things, regional, national and international political and economic conditions and government regulations in the

world's advertising markets). They use words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'guidance', 'intend', 'may', 'will', 'should', 'potential', 'possible', 'predict', 'project', 'plan', 'target', and other words and similar references to future periods but are not the exclusive means of identifying such statements. Neither the Company, nor any of its directors, officers or employees, provides any representation, assurance or guarantee that the occurrence of any events anticipated, expressed or implied in any forward-looking statements will actually occur. Accordingly, no assurance can be given that any particular expectation will be met and investors are cautioned not to place undue reliance on the forward-looking statements.

Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation, the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this document.

- Q3 highlights
- Financial performance
- Strategic progress
- Q&A

HIGHLIGHTS

- Q3 2023 like-for-like revenue less pass-through costs -0.6%; YTD +1.2%
 - Continued to see reduced spend from **technology clients** in **North America** and other markets, with a greater impact on our media business, **GroupM**
 - LFL growth in **UK, Western Continental Europe** and **Rest of World** despite macroeconomic uncertainty impacting markets including **China** and **Germany**
- **New business** improving: recent wins include Estée Lauder, Hyatt, Lenovo, Nestlé, Unilever and Verizon B2C. Pipeline remains strong
- **Strengthening our offer:**
 - Launch of **VML**, the world's largest creative agency, and further integration of **GroupM**. These moves are expected to drive stronger revenue growth and net annualised cost savings of at least £100m in FY25 with a part-year benefit in FY24
 - Ongoing investment in **AI** to enhance our offer
- **2023 guidance:** LFL revenue less pass-through costs growth now expected to be 0.5-1.0% (previously 1.5-3.0%); headline operating margin of 14.8-15.0% ex FX (previously around 15.0% ex FX)
- **Capital Markets Day** in January 2024 to focus on actions to drive growth, further efficiencies and margin expansion

STRENGTHENED OFFER

CREATING THE WORLD'S LARGEST CREATIVE AGENCY

 **VMLY&R**

+

+ **WUNDERMAN
THOMPSON**

 **VML**

30,000 people
64 countries

- Strengthen our offer to clients
- Simplify the integration of our services
- Maximise the returns on investments in AI and Technology

c.25%
of
WPP

SIMPLIFIED OPERATING MODEL IN MEDIA

group^m

Further integration of GroupM with common products and single technology platform, streamlining of operations and back-office functions supporting client-facing agencies

essence^{mediacom}

MINDSHARE

Wavemaker

group^m nexus


choreograph

c.37%
of
WPP

FINANCIAL PERFORMANCE

REVENUE LESS PASS-THROUGH COSTS

Q3 2023

-5.0%

Reported growth
(+13.1% in Q3 '22)

-5.5pt

FX contribution to
reported growth

+1.1pt

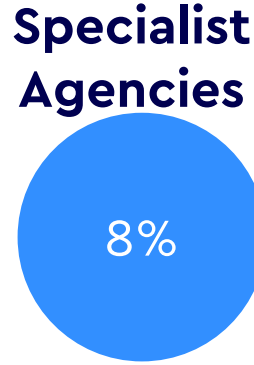
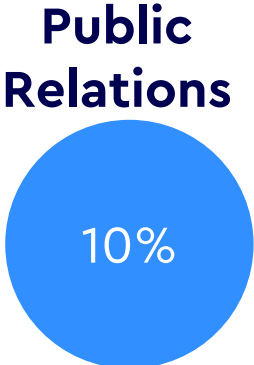
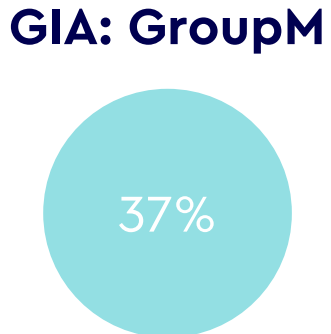
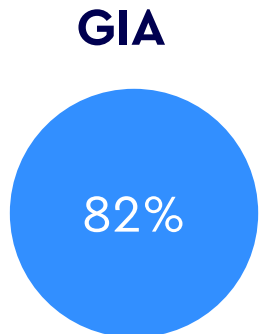
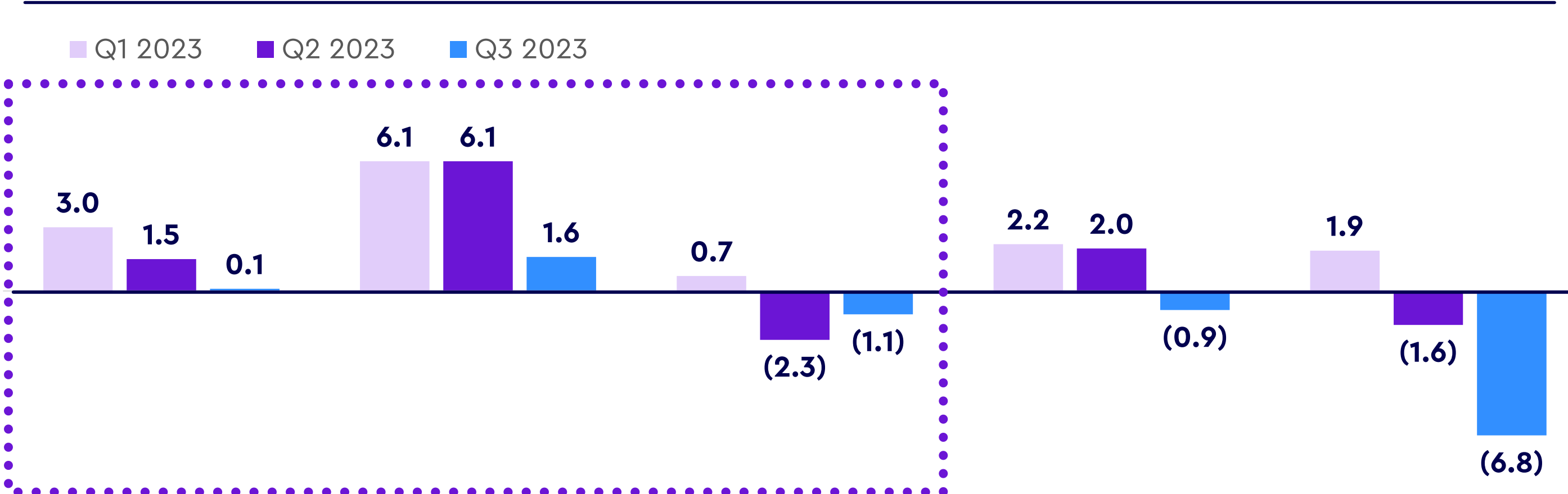
M&A contribution to
reported growth

-0.6%

Like-for-like growth
(+3.8% in Q3 '22)

PERFORMANCE BY BUSINESS

LFL REVENUE LESS PASS-THROUGH COSTS GROWTH (%)

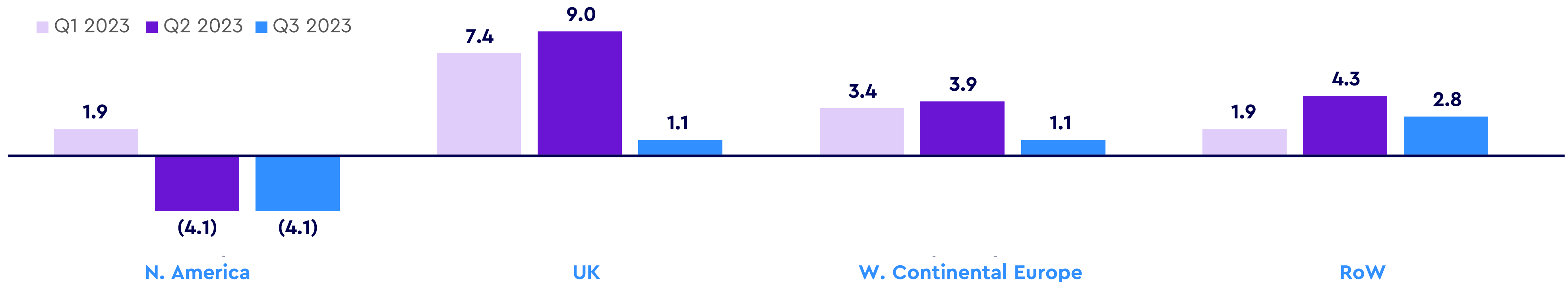


% of WPP in FY 2022

- GLOBAL INTEGRATED AGENCIES**
 - GroupM:** softer growth from Tech clients impacted the US, UK and Germany, alongside client losses in the US. Good growth in APAC markets
 - Integrated Creative Agencies:** Continued growth at Ogilvy, reflecting client wins. Other agencies stabilised vs Q2 but saw a continued impact from lower spend across tech clients, delays in technology-related projects and 2022 client losses in retail
- PR:** continued good growth in **FGS Global** offset by declines in BCW and H+K
- Specialist agencies:** **CMI**, specialist healthcare unit, maintained double-digit growth. Other business units impacted by more cautious client spending

PERFORMANCE BY REGION

LFL REVENUE LESS PASS-THROUGH COSTS GROWTH (%)



39% OF NET SALES

- **USA: -4.2%** (Q2: -4.5%)
- Continued pressure on technology and retail client revenues adversely affecting our creative agencies and media business
- Good growth in CPG, Healthcare & Pharma and financial services

14% OF NET SALES

- Continued growth in CPG and Healthcare & Pharma sectors
- Slowdown in technology spend, impacting both our media and creative businesses

20% OF NET SALES

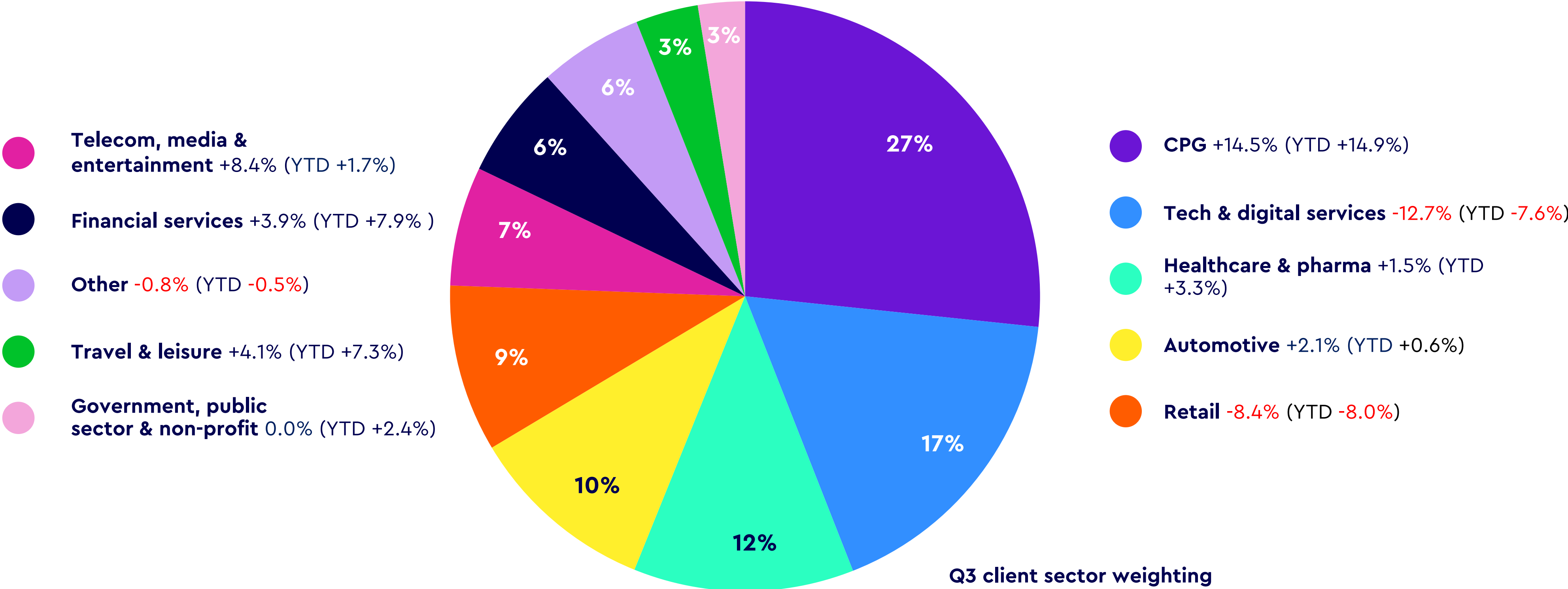
- Continued growth in the region, led by **Spain +14.1%** (Q2: +4.5%); broad-based growth across media and creative
- Economic pressures impacting both creative and media growth in **Germany -3.8%** (Q2: +6.6%)
- **France -2.7%** (Q2: -3.6%) reflecting prior period client losses

27% OF NET SALES

- **India: +7.3%** (Q2 +2.5%), strong new business momentum, particularly in media and the CPG sector
- Continued growth in **Latin America, Central & Eastern Europe and Middle East & Africa**
- **China: -4.2%** reflecting macro pressures impacting creative business (Q2 +4.8%)

PERFORMANCE BY CLIENT SECTORS

LFL REVENUE LESS PASS-THROUGH COSTS (Q3 2023)¹



¹ Chart shows the proportion of WPP group revenue less pass-through costs in Q3 2023 and YoY growth in Q3 2023; clients chart made up of 1,372 clients representing 78% of WPP total revenue less pass-through costs. Growth rates shown are LFL growth in revenue less pass-through costs.

2023 GUIDANCE

LFL revenue less pass-through costs growth of 0.5-1.0% (previously 1.5-3.0%)

Headline operating margin of 14.8-15.0% ex FX (previously around 15.0%)

- FX impact: current rates imply a c.1.0% headwind on revenues less pass-through costs and a c.0.25pt headwind on headline operating margin
- Restructuring and property impairment charges of around £400m
- Year-end adjusted net debt flat year-on-year
- Average adjusted net debt/headline EBITDA now expected to be slightly above the target range of 1.5x-1.75x (previously within the range)

IMPACT OF VML AND GROUPM STRATEGIC INITIATIVES

£100m

Net annualised cost savings in FY25 (part-year benefit in FY24)

<1:1

Restructuring Costs:Savings

82%

of WPP in top five agencies¹

UNLOCKING SCALE BENEFITS

- Simplified and scaled organisation structures
- Optimise resource utilisation
- Enhanced off-shoring operations

BACK-OFFICE OPTIMISATION

- Centralised Finance, HR and IT support
- Further simplification of smaller markets and legal entities
- Better leverage Shared Services support

STRATEGIC PROGRESS

STRATEGIC PROGRESS - EVOLVING CLIENT NEEDS



NEW BUSINESS WINS

WINNING NEW BUSINESS¹

\$3.4bn
of new
business YTD
(YTD 22: \$5.1bn)



Media
Europe



Media
Aus & New Zealand

ESTÉE LAUDER

Media
China



Creative
Global



Creative
N. America



Creative
Global



Creative
Brazil



Creative
India



Public Relations
Global



Brand Strategy
Japan

1. New business announced in Q3 2023, except Hyatt announced 4 October

CREATIVITY & EFFECTIVENESS: RECOGNITION

COMPANY



VMLY&R named Network of the Year and VMLY&R Commerce named Agency of the year



CREATIVITY



EFFECTIVENESS



CREATING THE WORLD'S LARGEST CREATIVE AGENCY



■ signals the integration of customer experience, brand experience and commerce services - not just under one logo - but as interconnected disciplines that form business solutions. **Marketers are tired of managing multiple, duplicative specialists. They must deliver the aligned experiences that consumers demand from brands.** And brands need agencies as connected as consumer expectations. What this merger shows is that CX and commerce are part of the larger marketing experience. ■

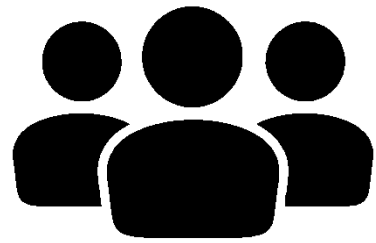
Jay Pattisall, VP and principal analyst at Forrester
Ad Age, October 17, 2023

■ The new combination will give WPP a new, globally scaled offering, which as major marketers move to fewer global relationships, should be a good, competitively scaled offering. ■

Matt Ryan, CEO of consultancy Roth Ryan Hayes
Ad Age, October 17, 2023

c.25%
of
WPP

SIMPLIFYING OUR OFFER: GROUPM EVOLUTION



2019 - 2020
New leadership team



April 2021
Merger of GroupM and Wunderman Thompson Data units



April 2022
Merger of **Essence and Mediacom** media agencies
Finecast, Xaxis and GroupM services combined into **GroupM Nexus**, our performance media organisation



August 2023
Finecast, Xaxis and Sightline brands retired



October 2023
Client-facing agencies supported by common products and a single technology platform, streamlining operations and back-office functions

c.37%
of
WPP

SUMMARY

- **Continuation of Q2 client spending trends**
 - Performance in Q3 impacted by the cautious spending trends we saw in Q2, particularly across technology clients
 - Greater impact felt in GroupM than in H1 from these trends
- **Continued strategic progress:**
 - Creation of VML as a powerhouse of creativity, data and technology
 - Simplifying GroupM to leverage scale in media
 - Focused investment in enhancing our AI offer
- **Capital Markets Day in January 2024** to focus on our strategic roadmap over the next three to five years

Q&A

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Annual Report & Accounts 2022

[Annual Report 2022](#)

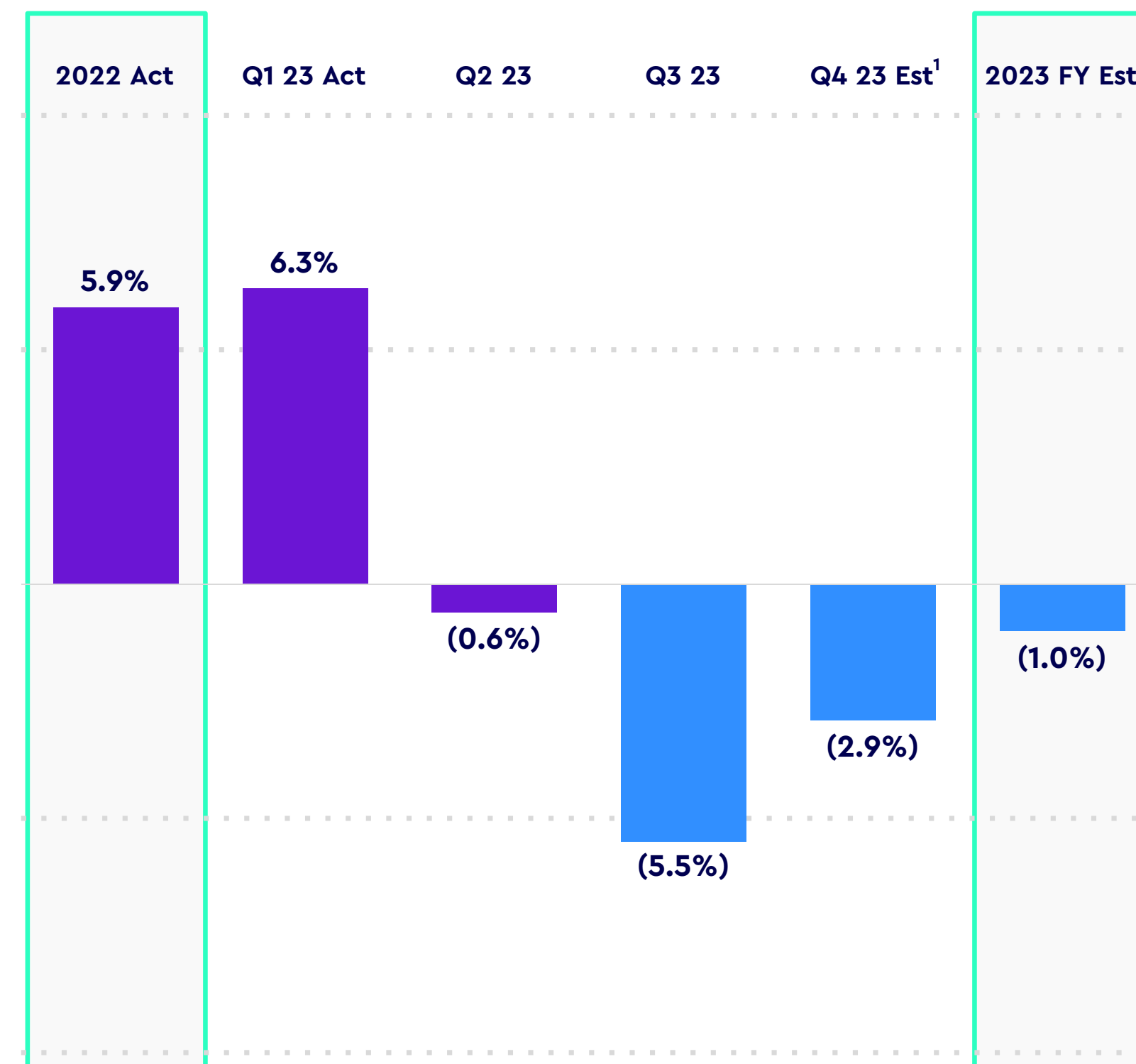
SOCIAL CHANNELS



APPENDIX

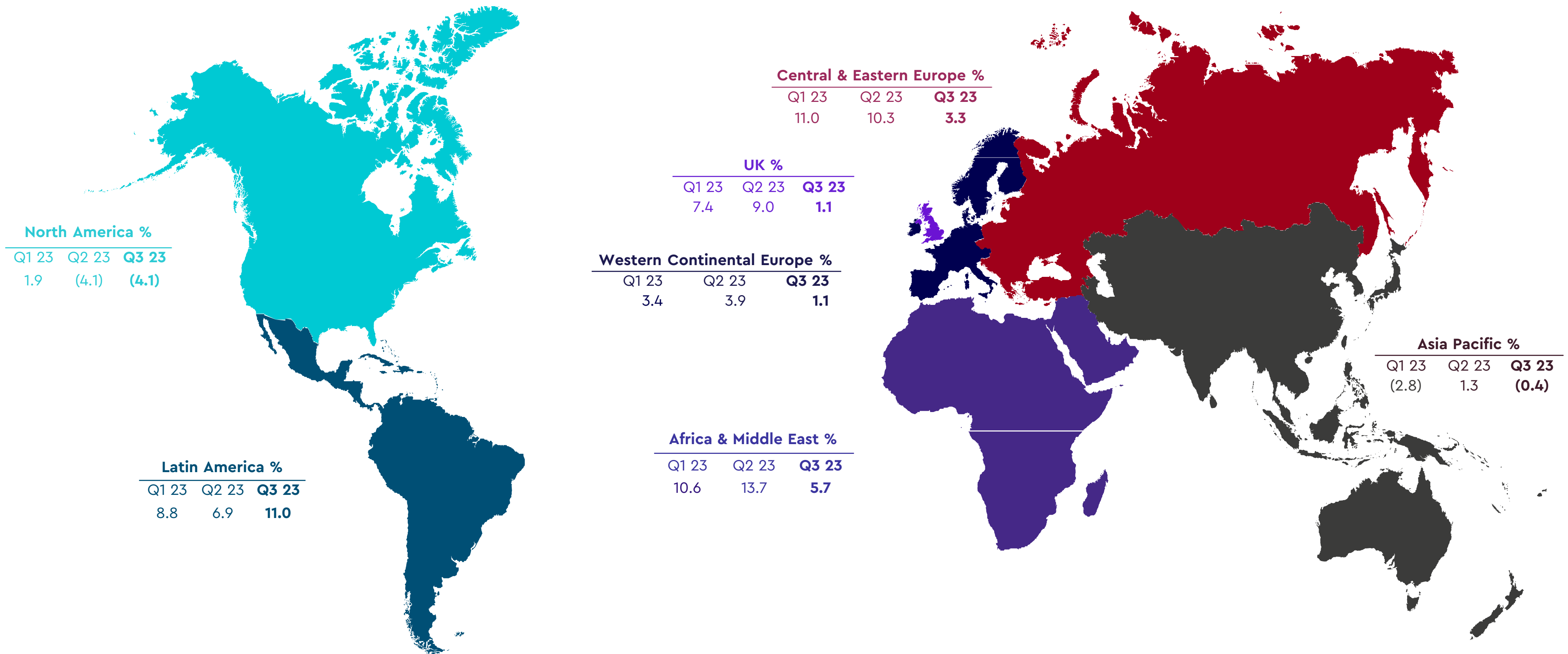
EXCHANGE RATE ANALYSIS

THIRD QUARTER	2023	2022	STERLING (WEAKER)/STRONGER
US \$	1.27	1.18	8%
€	1.16	1.17	(1%)
Chinese Renminbi	9.17	8.06	14%
Indian Rupee	104.7	94.0	11%
Brazilian Real	6.18	6.18	0%
Australian \$	1.93	1.72	12%
Canadian \$	1.70	1.54	10%
Singapore \$	1.71	1.64	4%
Danish Krona	8.67	8.70	(0%)



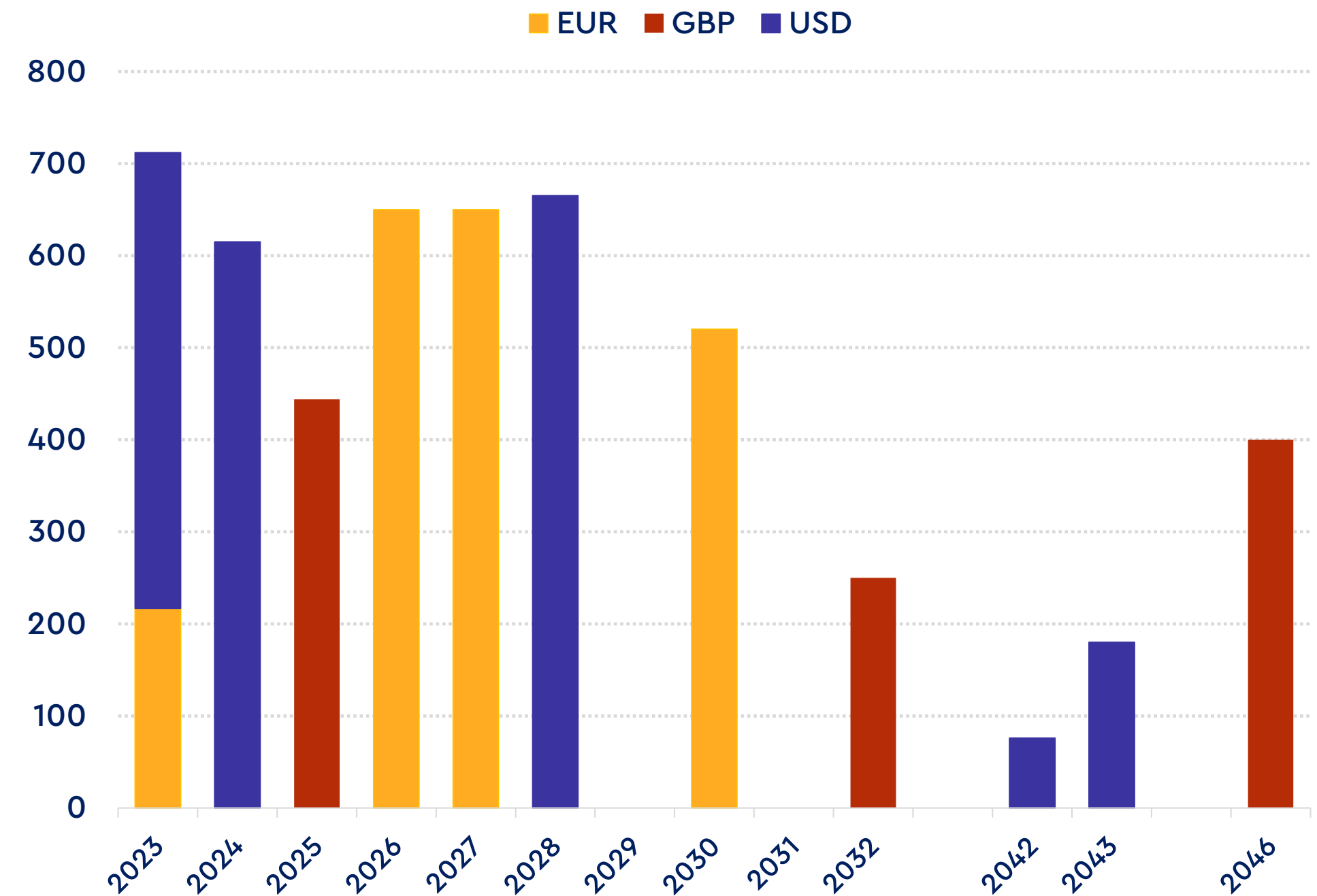
1. Q4 uses exchange rates at 20 October 2023: US\$/£ 1.22 and €/£ 1.15

REVENUE LESS PASS-THROUGH COSTS GROWTH BY REGION LIKE-FOR-LIKE



DEBT MATURITY PROFILE AT 30 SEPT 2023 (£M)

	£ TOTAL CREDIT	£ TOTAL DRAWN
■ £ bonds £400m (2.875% Sep '46)	400	400
■ US bond \$220m (5.625% Nov '43)	180	180
■ US bond \$93m (5.125% Sep '42)	76	76
■ £ bonds £250m (3.75% May '32)	250	250
■ Eurobonds €600m (1.625% Mar '30)	520	520
■ Eurobonds €750m (4.125% May '28) ¹	665	665
■ Eurobonds €750m (2.375% May '27)	650	650
■ Eurobonds €750m (2.25% Sep '26)	650	650
■ Eurobond €500m (1.375% Mar '25)/£444m Swap ²	444	444
■ US bond \$750m (3.75% Sep '24)	615	615
■ Eurobonds €750m (3.0% Nov '23) ³	712	712
Debt Facilities	5,162	5,162
Other facilities	2,049	-
Net cash, overdrafts & other adjustments	-	(1,291)
Total Borrowing Capacity / Net Debt	7,211	3,871



WEIGHTED AVERAGE COUPON 3.26%
WEIGHTED AVERAGE MATURITY 5.5 YEARS
AVAILABLE LIQUIDITY £3,340M

THANK YOU