WPP

Q1 TRADING UPDATE

25 April 2024

2024

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; changes in client advertising, marketing and corporate communications requirements; 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 conflicts in Ukraine and Gaza; 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; effectively managing the risks, challenges and efficiencies presented by using Artificial Intelligence (AI) and Generative AI technologies and partnerships in our business; risks related to our environmental, social and governance goals and initiatives, including impacts from regulators and other stakeholders, and the impact of factors outside of our control on such goals and initiatives; 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.

AGENDA

- Q1 highlights
- Financial performance
- Strategic progress
- Q&A

SUMMARY

Strategy outlined at the **CMD** landed well with clients and across the business

Q1 performance as expected

Momentum will improve through the balance of the year

Reiterating 2024 guidance

Confident the actions we are taking will accelerate WPP's growth and deliver stronger returns and FCF over the medium term

Q1 HIGHLIGHTS

- **Q1 2024 like-for-like revenue less pass-through costs:** -1.6% (Q1 '23 +2.9%), in line with expectations
- **New client wins**: AstraZeneca, Canon, Molson Coors, Daiichi Sankyo, Nestlé, Perfetti, Perrigo, Rightmove and Telefónica
- **Awards:** topped WARC's creative and media rankings, and The Drum's creative rankings
- **Strategic progress**:
  - Structural actions at VML, GroupM and Burson on track to deliver cost savings and benefits to clients
  - WPP Open users now >50,000 with new AI tools in WPP Open including latest foundation models from Bria, Google and OpenAI and launch of Performance Brain™ to predict content performance ahead of campaigns going live
- **2024 guidance reiterated:** LFL revenue less pass-through costs growth 0-1%; headline operating profit margin improvement c.20-40bps on a constant currency basis

FINANCIAL PERFORMANCE

REVENUE LESS PASS-THROUGH COSTS

Q1 2024

-5.0%
Reported growth
(+9.9% in Q1 '23)

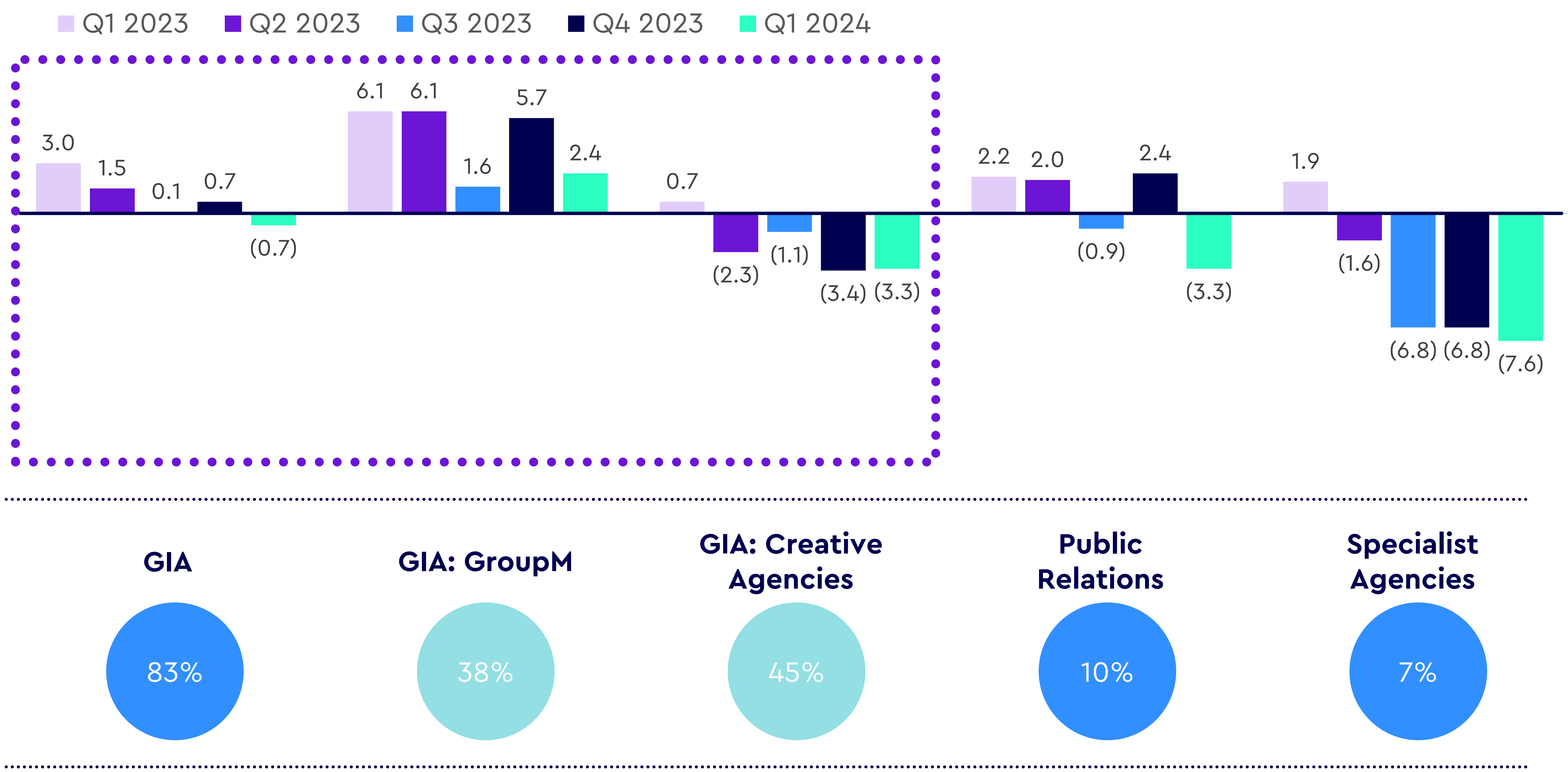
-3.9%
FX contribution to reported growth

+0.5%
M&A contribution to reported growth

-1.6%
Like-for-like growth
(+2.9% in Q1 '23)

PERFORMANCE BY BUSINESS

LFL REVENUE LESS PASS-THROUGH COSTS GROWTH (%)



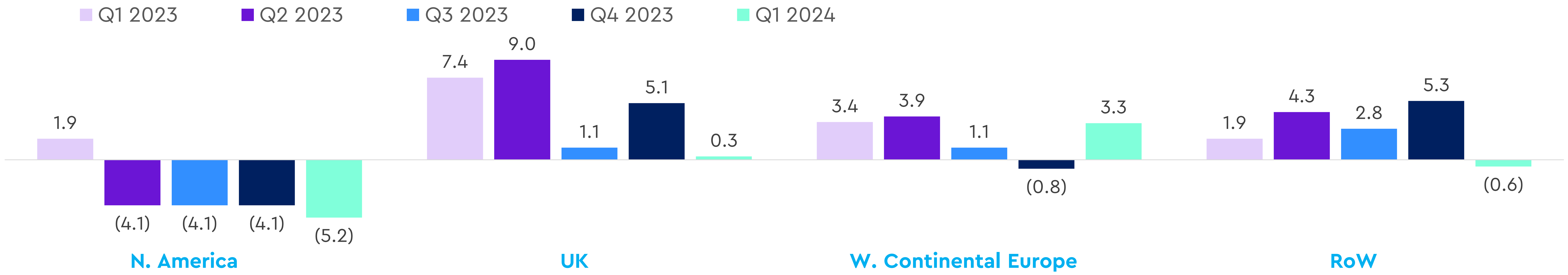
% of WPP in FY 2023

- **GLOBAL INTEGRATED AGENCIES**
  - **GroupM**: continued growth in client investment in media, offset by the impact of US client assignment losses in 2023
  - **Integrated Creative Agencies:** continued growth at Hogarth and Ogilvy, reflecting client assignment wins. Other agencies saw a continued impact from lower spend across tech clients and the loss of Pfizer creative assignments
- **PUBLIC RELATIONS**: lost assignments with Pfizer and the impact of macroeconomic uncertainty on client spending. FGS Global grew versus a strong comparison
- **SPECIALIST AGENCIES**: Landor, Design Bridge and Partners, and a number of our smaller specialist agencies continued to be affected by delays in project-based spending. CMI grew well on strong comparisons

1 2023 prior period growth (%s) has not been re-presented to reflect the reallocation in 2024 of a number of businesses between Global Integrated Agencies and Specialist Agencies

PERFORMANCE BY REGION

LFL REVENUE LESS PASS-THROUGH COSTS GROWTH (%)



38% OF NET SALES[1]

- **USA: -5.4%**
- Lower year-on-year spending by technology clients and the Pfizer loss adversely affecting our creative and PR agencies, partially offset by growth at Ogilvy on client wins
- 2023 client assignment losses in our media business
- Good growth in CPG and telecoms, offset by technology, healthcare and retail

14% OF NET SALES

- Continued growth in CPG offsetting declines in technology client spend
- Growth at GroupM and Hogarth offset by declines in integrated creative agencies

20% OF NET SALES

- Continued growth in the region, led by **Spain +18.3%**; broad-based growth across media and creative
- **Germany -1.9%** improving trajectory, but continue to see delays in project-based spending
- **France** good momentum **+4.9%** (Q4 '23 +4.5%)

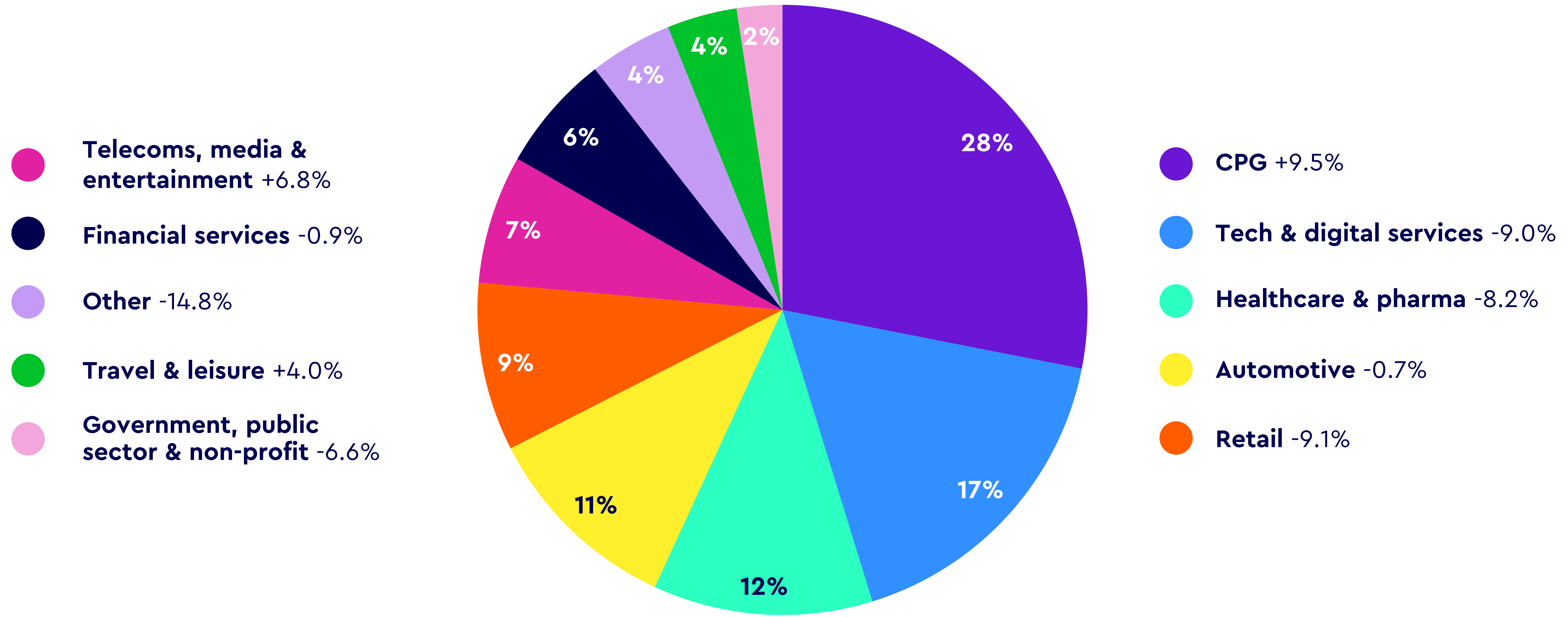
28% OF NET SALES

- **Asia Pacific -3.2%:**
  - **China -15.4%** in line with expectations in a challenging macro and client environment
  - **India**: **+6.6%** strong new business momentum, particularly in media and the CPG sector
- Continued growth in **Middle East & Africa (+7.8%)** and **Latin America (+2.3%)**. **Central & Eastern Europe** was flat **(-0.1%)**

1 Proportion of revenue less pass-through costs in FY 2023

CLIENT SECTOR MIX[1]

LFL REVENUE LESS PASS-THROUGH COSTS Q1 '24



1 Chart shows the proportion of WPP revenue less pass-through costs in Q1 '24; chart consists of clients representing 77% of WPP total revenue less pass-through costs

MOVEMENT IN NET DEBT

£m	MAR '23	DEC '23	MAR '24
Adjusted net debt[1,2]	(3,928)	(2,504)	(4,000)
Average adjusted net debt/headline EBITDA (including depreciation of right-of-use assets)[1,3]	N/A	1.83x	N/A

- **Usual seasonal working capital outflow since year-end**
- **Successful refinancing of two upcoming bond maturities**, issuing a €600m 3.625% bond due 2029 and a €650m 4.0% bond due 2033
- **2024 working capital guidance unchanged:** expected to be broadly flat year-on-year

1 Net debt, headline EBITDA, exclude impact of IFRS 16
2 Period end reportable basis
3 Average adjusted net debt excludes lease liabilities and is the average of net debt for each of the last 12-month period ends

2024 GUIDANCE UNCHANGED

LFL revenue less pass-through costs growth of 0-1%
Headline operating margin improvement of 20-40bps at constant currency

Other FY 2024 financial indications:

- Mergers and acquisitions will add 0.5-1.0% to revenue less pass-through costs growth
- FX impact: current rates (at 19 April 2024) imply a c.1.1% drag on FY 2024 revenue less pass-through costs, with no meaningful impact on FY 2024 headline operating margin
- Headline income from associates and non-controlling interests at similar levels to 2023[1]
- Net finance cost of around £295m
- Effective tax rate of around 28%[2]
- Capex of around £260m
- Cash restructuring costs of around £285m
- Working capital expected to be broadly flat year-on-year

1. In accordance with IAS 28: Investments in Associates and Joint Ventures, once an investment in an associate reaches zero carrying value, the Group does not recognise any further losses, nor income, until the cumulative share of income returns the carrying value to above zero. WPP's cumulative reported share of losses in Kantar reduced the carrying value of the investment to zero at the end of December 2022.
2. Measured as headline tax as a % of headline profit before tax

STRATEGIC PROGRESS

INNOVATING TO LEAD, TODAY AND TOMORROW

1. LEAD THROUGH AI, DATA & TECHNOLOGY
2. ACCELERATE GROWTH THROUGH THE POWER OF CREATIVE TRANSFORMATION
3. BUILD WORLD-CLASS, MARKET-LEADING BRANDS
4. EXECUTE EFFICIENTLY TO DRIVE FINANCIAL RETURNS THROUGH MARGIN AND CASH

MEDIUM-TERM FINANCIAL FRAMEWORK

3%+
Organic growth Revenue less pass-through costs

16%-17%
Headline Operating Margin

85%+
Adjusted Operating Cash Flow Conversion

1.5-1.75x
Average Net Debt / Headline EBITDA[1]

DISCIPLINED CAPITAL ALLOCATION

Potential for M&A to accelerate growth by up to 1% p.a.

1. Average adjusted net debt/Headline EBITDA (including depreciation of right-of-use assets)

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Q&A

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wpp.com/investors

CAPITAL MARKETS DAY 2024

Materials linked here

INVESTOR WEBINARS

A series of webinars designed to give investors and analysts deeper insight into individual agencies, products and services within WPP

WPP webinars

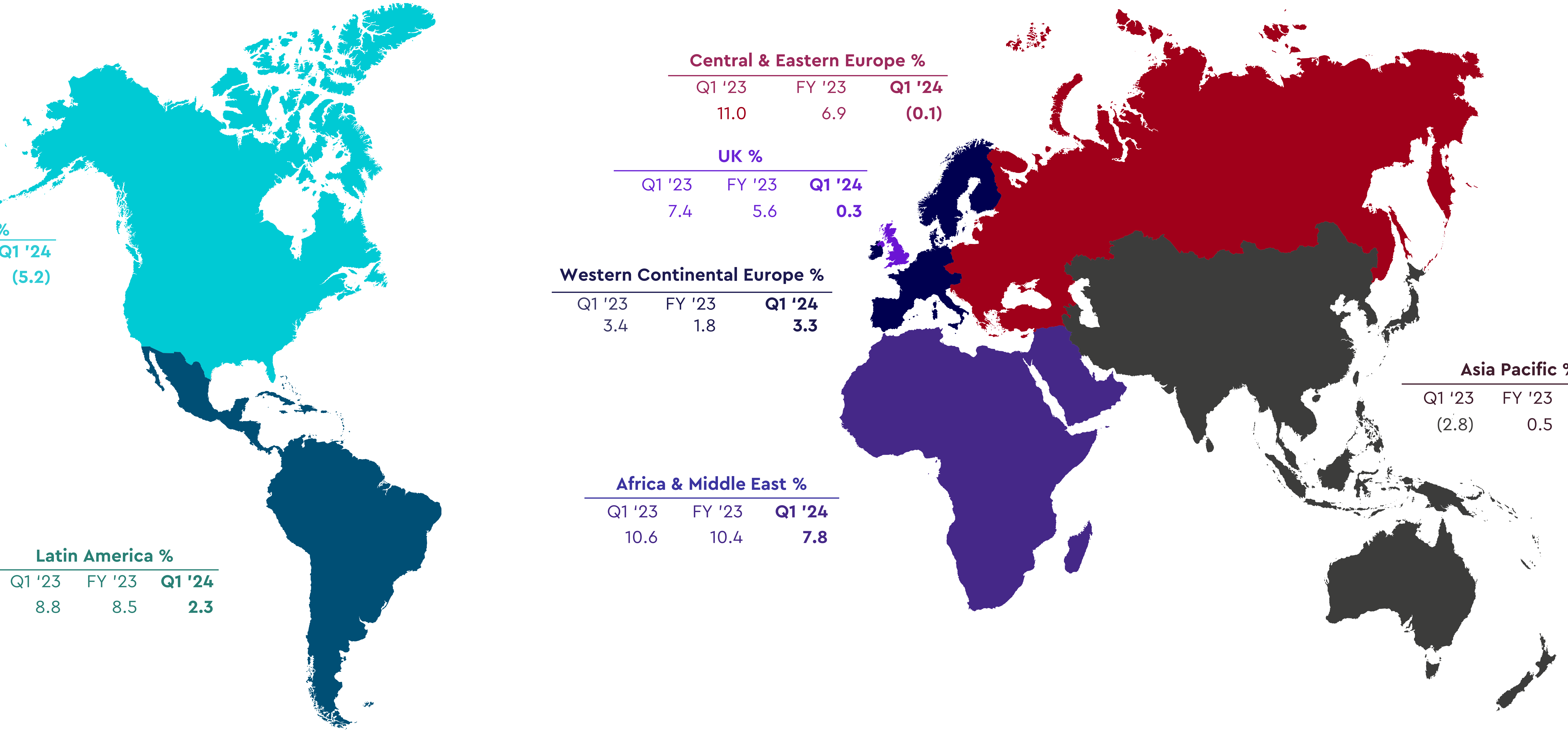
ANNUAL REPORT AND ACCOUNTS 2023

Annual Report 2023

SOCIAL CHANNELS

APPENDIX

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



North America %

Q1 '23	FY '23	**Q1 '24**
1.9	(2.7)	**(5.2)**

Latin America %

Q1 '23	FY '23	**Q1 '24**
8.8	8.5	**2.3**

Central & Eastern Europe %

Q1 '23	FY '23	**Q1 '24**
11.0	6.9	**(0.1)**

UK %

Q1 '23	FY '23	**Q1 '24**
7.4	5.6	**0.3**

Western Continental Europe %

Q1 '23	FY '23	**Q1 '24**
3.4	1.8	**3.3**

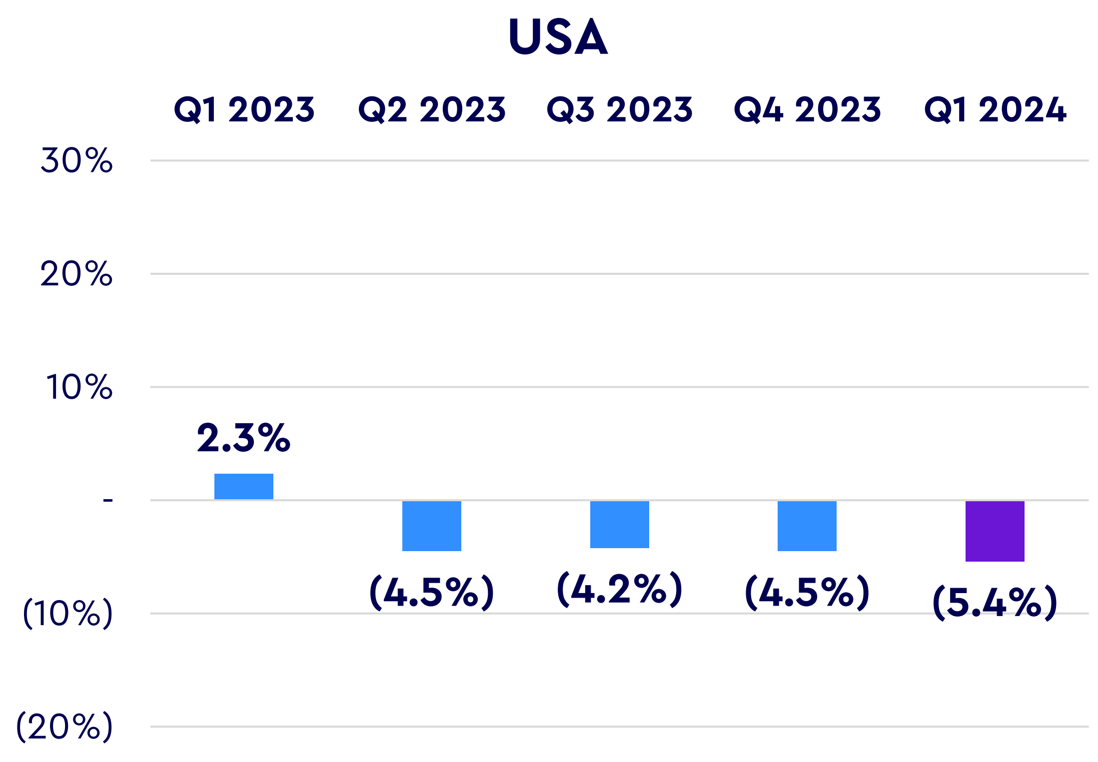
Africa & Middle East %

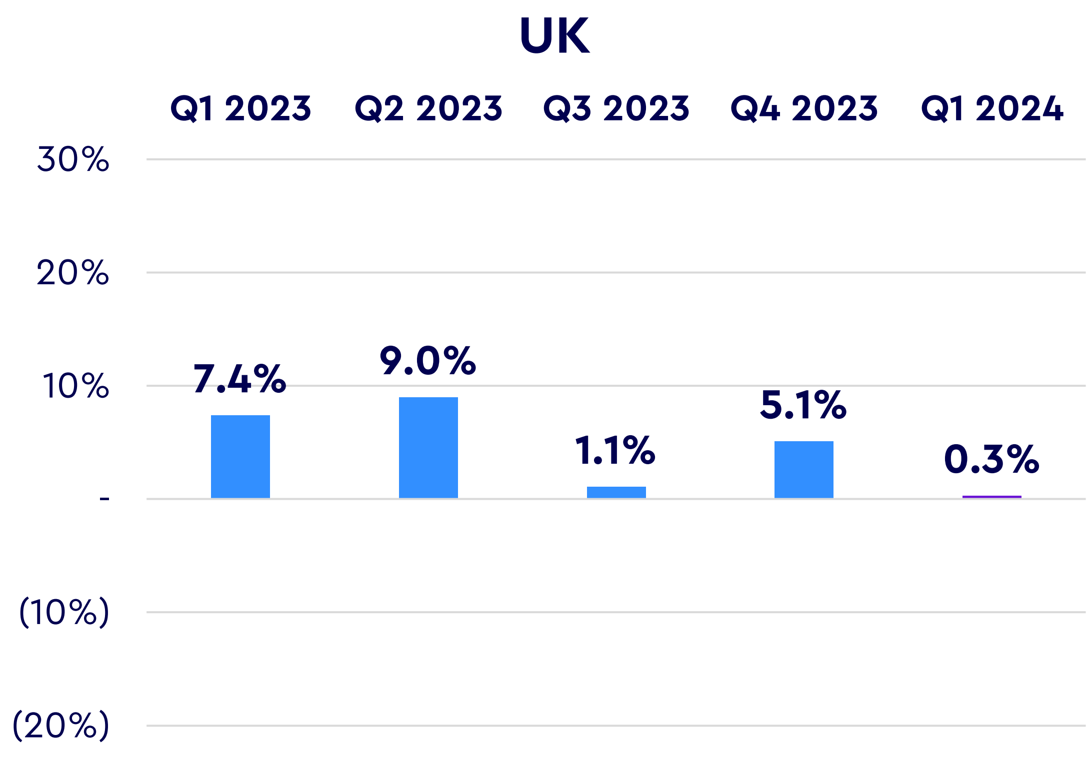
Q1 '23	FY '23	**Q1 '24**
10.6	10.4	**7.8**

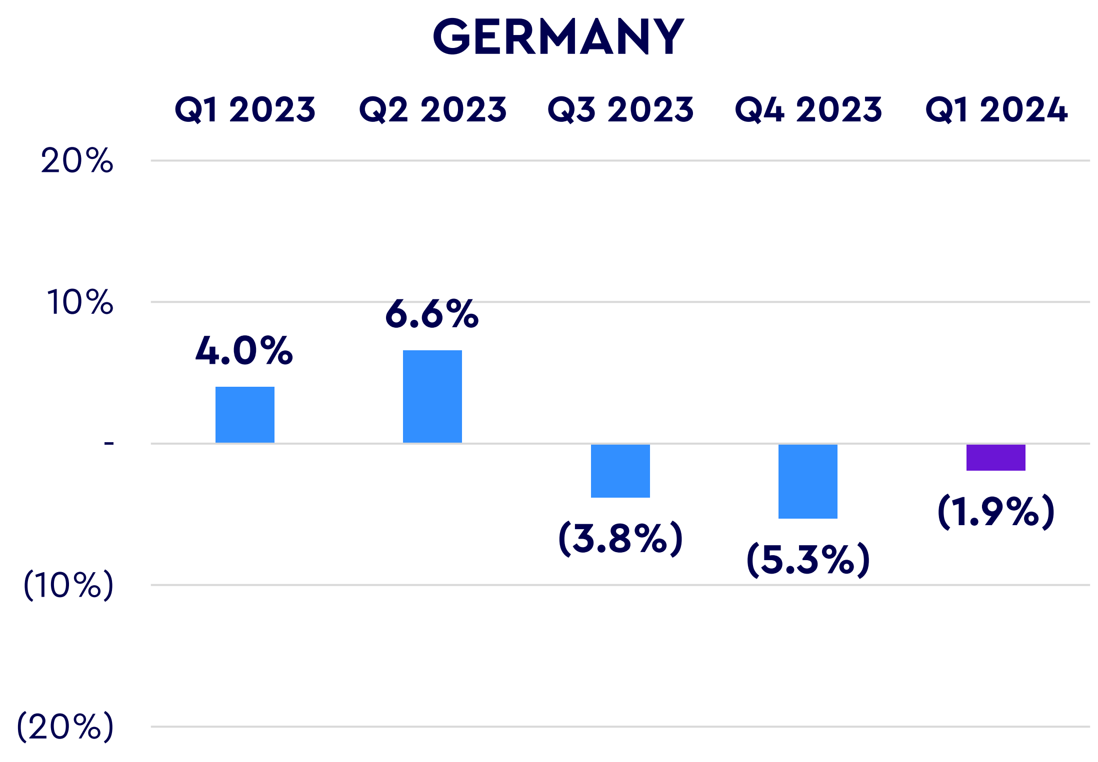
Asia Pacific %

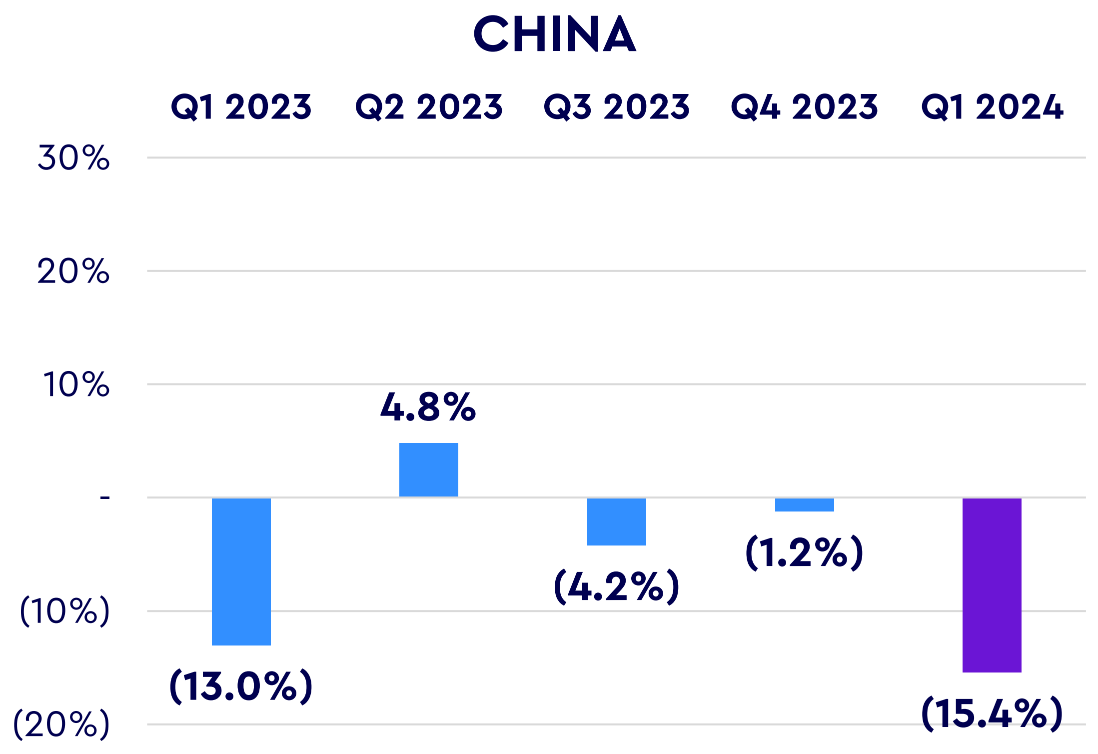
Q1 '23	FY '23	**Q1 '24**
(2.8)	0.5	**(3.2)**

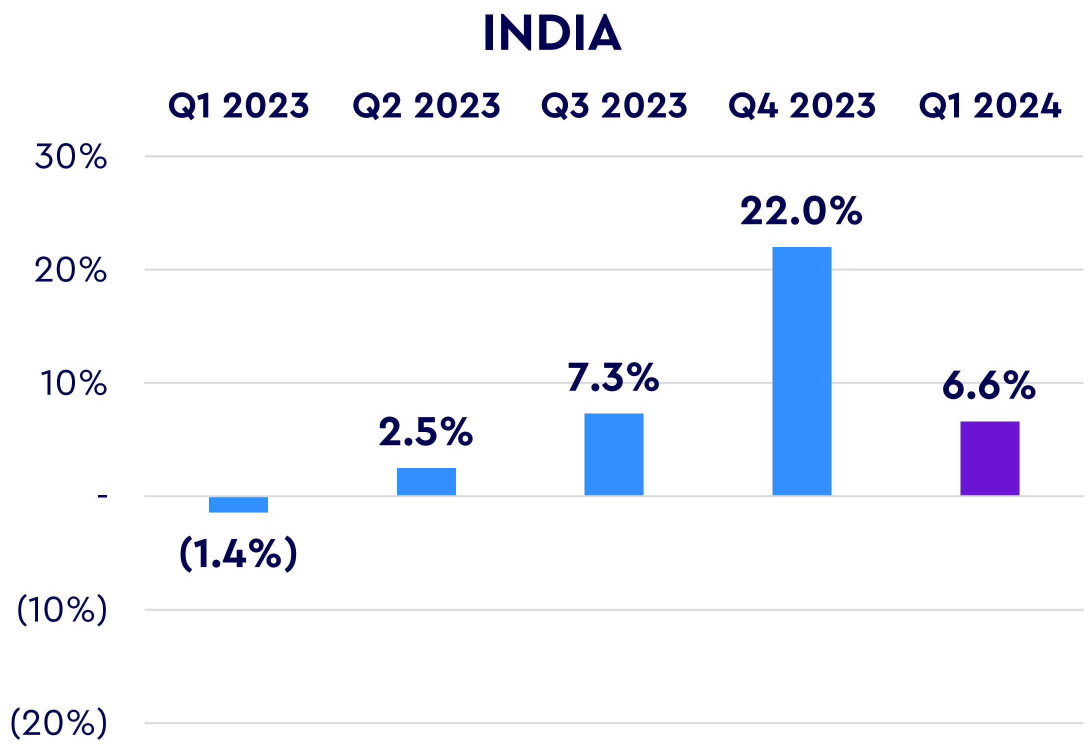
LIKE-FOR-LIKE REVENUE LESS PASS-THROUGH COSTS GROWTH
TOP MARKETS





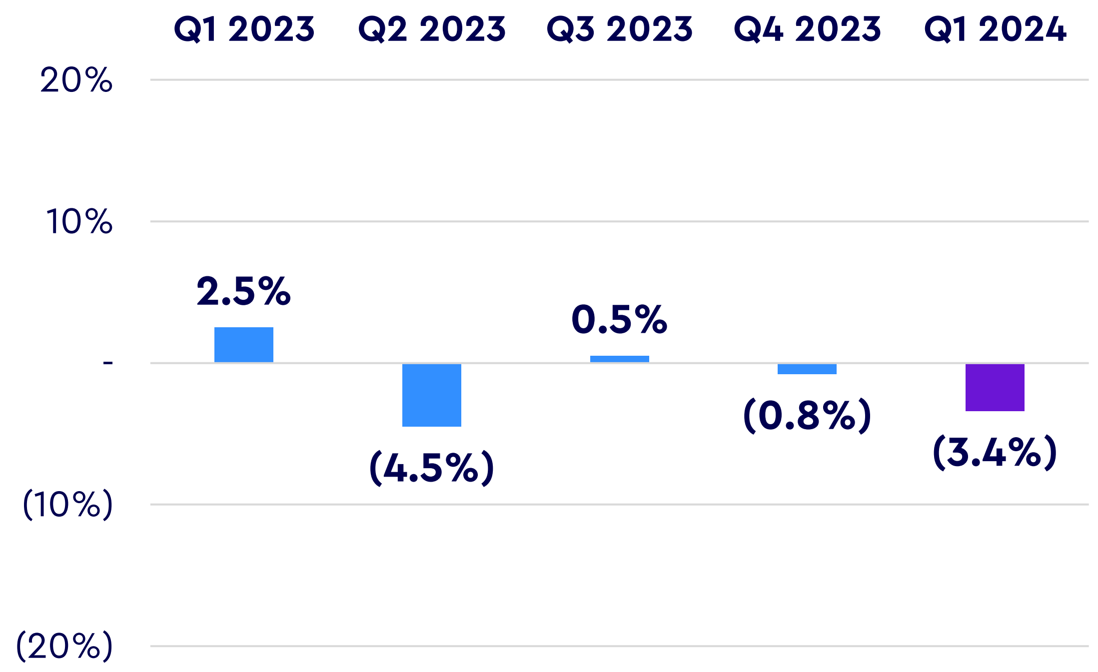




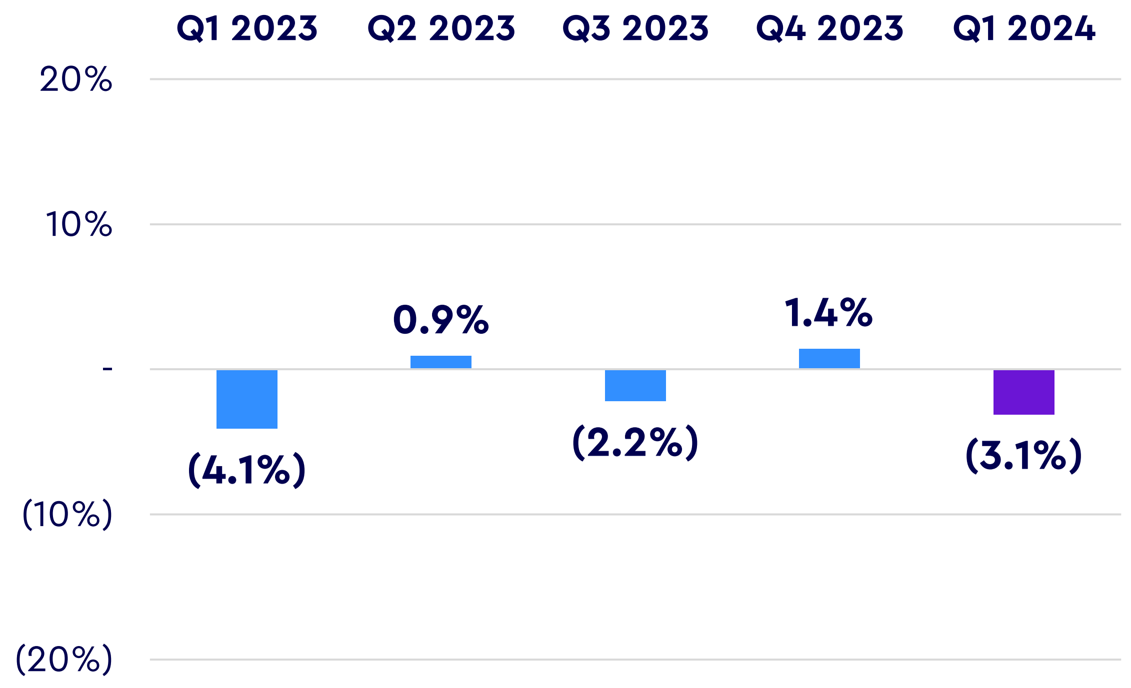


LIKE-FOR-LIKE REVENUE LESS PASS-THROUGH COSTS GROWTH
TOP MARKETS

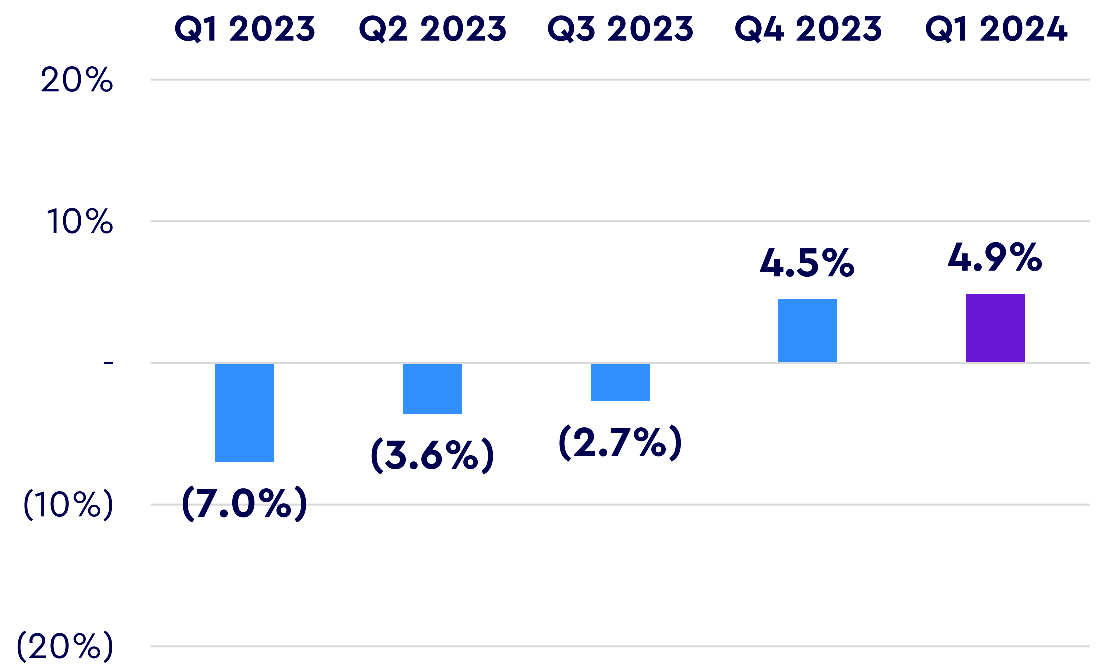
AUSTRALIA



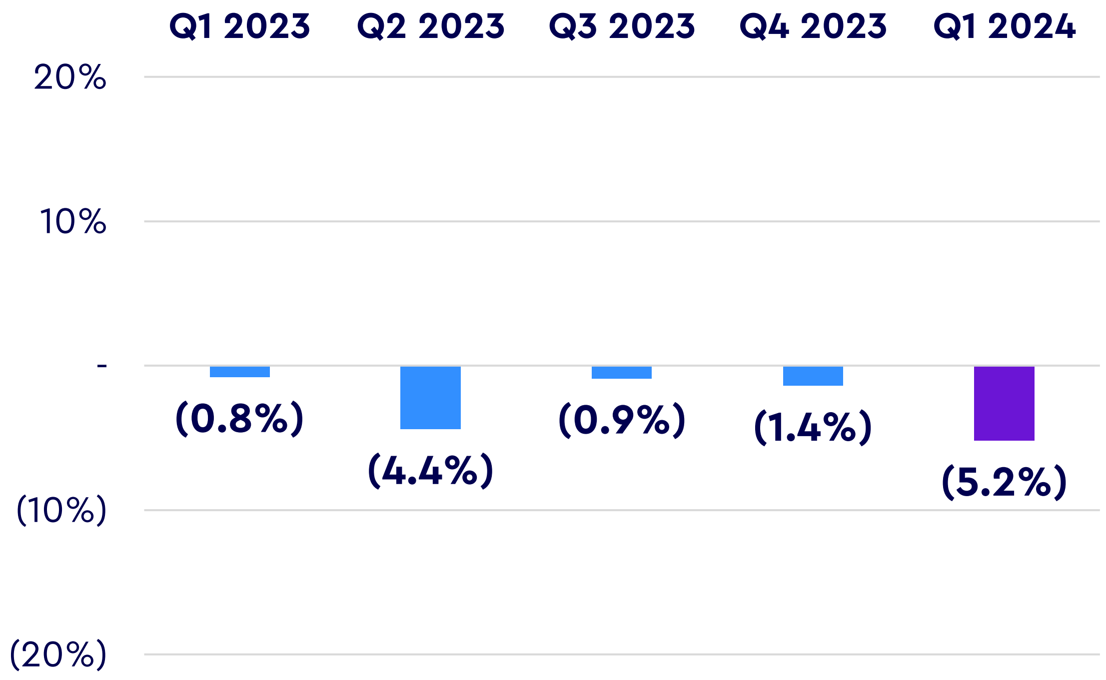
CANADA



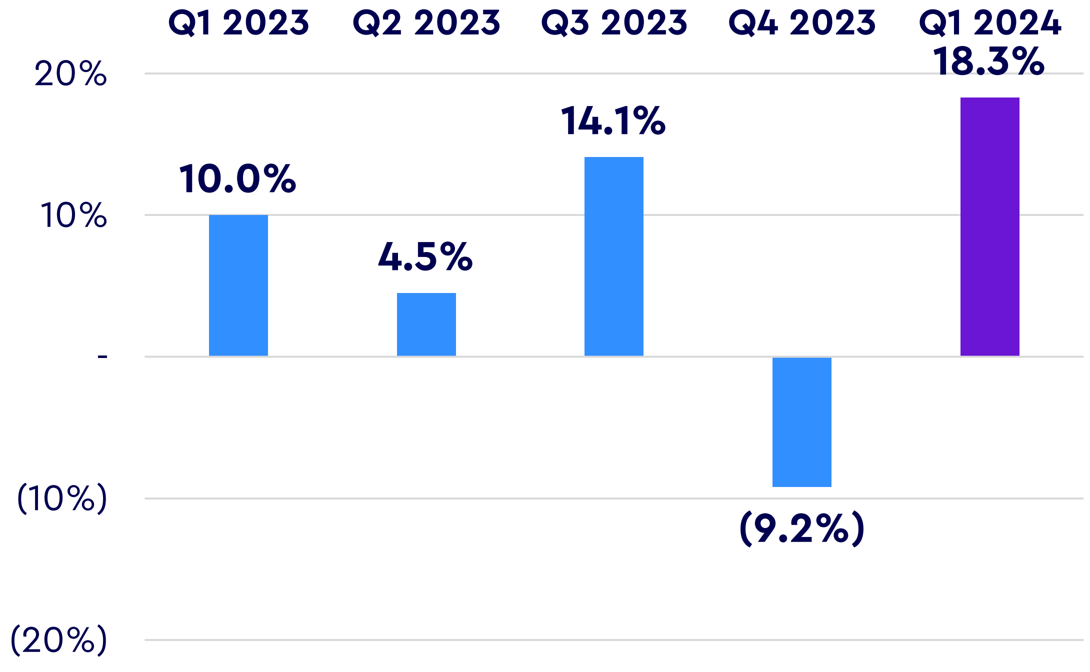
FRANCE



BRAZIL



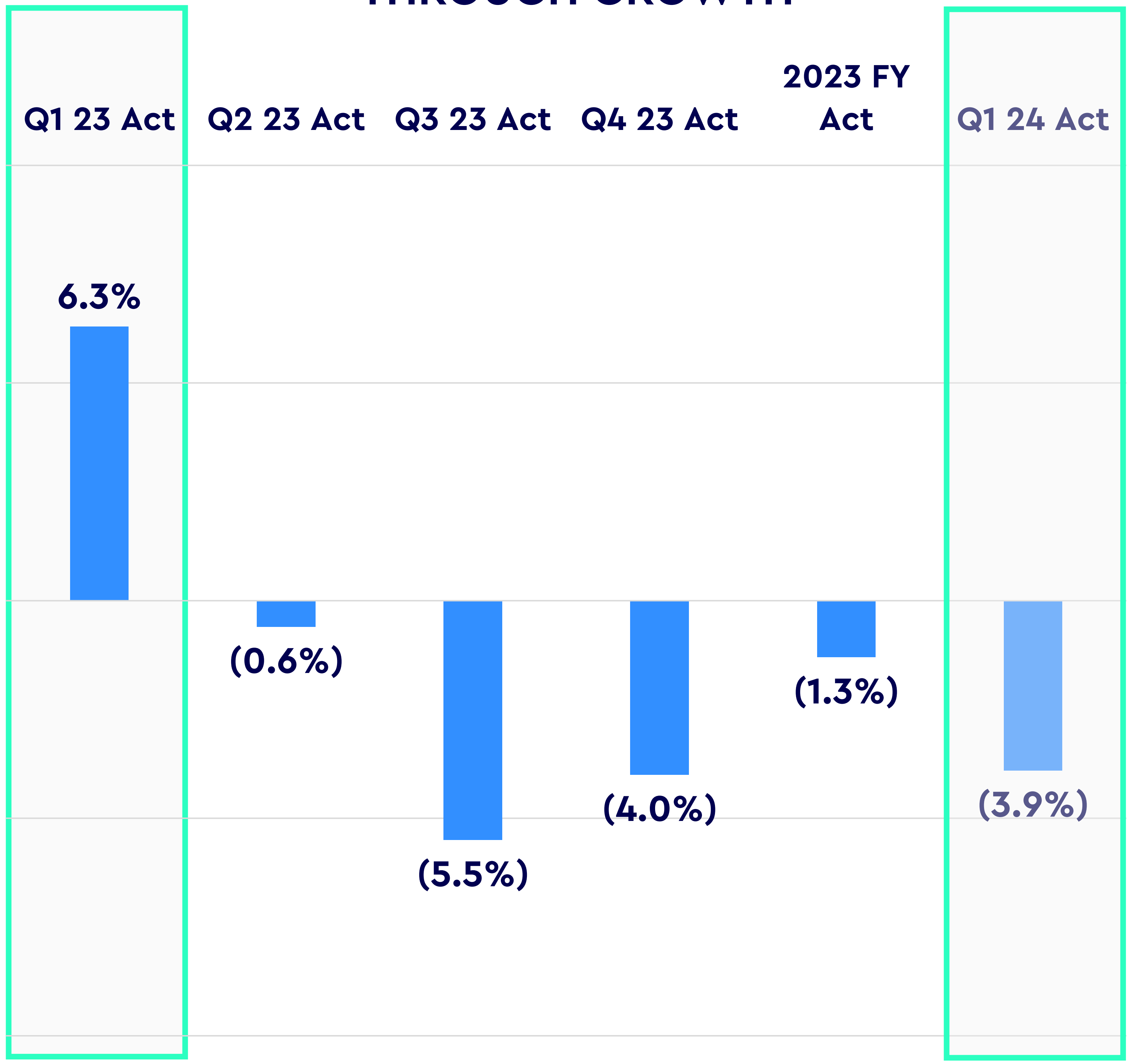
SPAIN



EXCHANGE RATE ANALYSIS

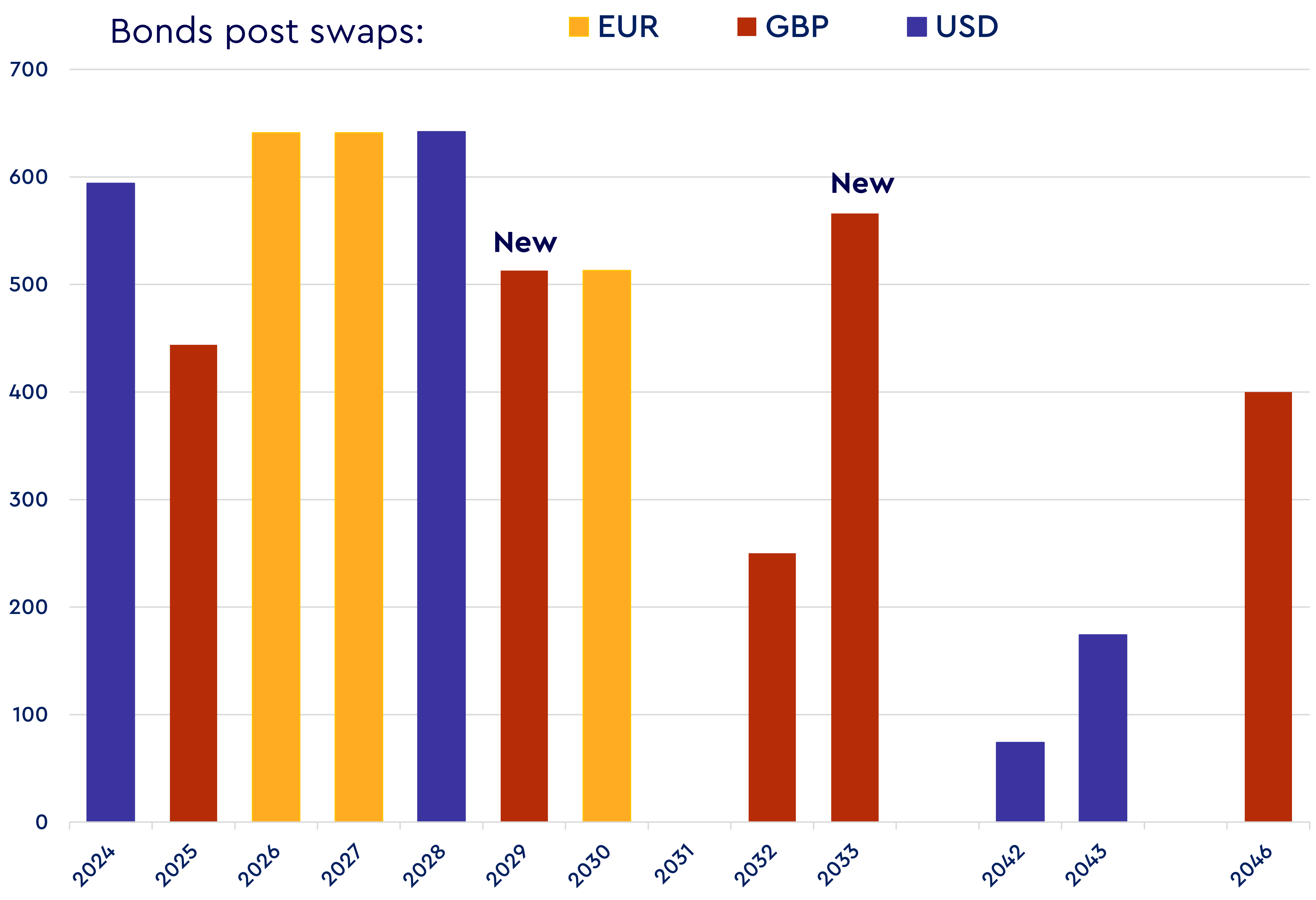
QUARTER TO 31 MARCH	2024	2023	STERLING (WEAKER)/STRONGER
US $	1.27	1.22	4.1%
€	1.17	1.13	3.5%
Chinese Renminbi	9.12	8.32	9.6%
Indian Rupee	105.3	100.0	5.3%
Brazilian Real	6.28	6.31	(0.5)%
Australian $	1.93	1.78	8.4%
Canadian $	1.71	1.64	4.3%
Singapore $	1.70	1.62	4.9%
Danish Krona	8.71	8.43	3.3%

FX CONTRIBUTION TO REPORTED REVENUE LESS PASS-THROUGH GROWTH



DEBT MATURITY PROFILE AT MARCH 31, 2024 (£M)

Bonds (currency of issuance)	£ TOTAL CREDIT	£ TOTAL DRAWN
£ bonds £400m (2.875% Sep '46)	400	400
US bond $220m (5.625% Nov '43)	174	174
US bond $93m (5.125% Sep '42)	74	74
Eurobonds €650m (4.0% Sept '33) [1] New	566	566
£ bonds £250m (3.75% May '32)	250	250
Eurobonds €600m (1.625% Mar '30)	513	513
Eurobonds €600m (3.625% Sept '29) [2] New	513	513
Eurobonds €750m (4.125% May '28) [3]	642	642
Eurobonds €750m (2.375% May '27)	641	641
Eurobonds €750m (2.25% Sep '26)	641	641
Eurobond €500m (1.375% Mar '25) [4]	444	444
US bond $750m (3.75% Sep '24)	594	594
Debt Facilities	**5,453**	**5,453**
Other facilities	1,980	-
Net cash, overdrafts & other adjustments	–	(1,453)
Total Borrowing Capacity / Net Debt	**7,433**	**4,000**



WEIGHTED AVERAGE COUPON 3.7%
WEIGHTED AVERAGE MATURITY 6.24 YEARS
AVAILABLE LIQUIDITY £3,433M

Exchange Rates £/€ 1.1694 £/$ 1.2624
1 Swapped to £566m floating
2 Swapped to £513m at 5.22%
3 Swapped to $811m at 5.10%
4 Swapped to £444m at 2.61%

THANK YOU