

WPP

2011 UBS Conference New York

December 2011



WPP

Contents

- 1 2011 Update**
- 2 Key Priorities, Objectives and Strategy**
- 3 Financial Model and Outlook**



1 2011 Update



2011 Update

- Strong revenue and gross margin growth Sept YTD with continued momentum in October with revenues in line with Q3RF and profits ahead.
- Increased acquisition flow starts to have impact with a 3.8% contribution to revenue in the Third Quarter
- Slowdown in USA and Western Continental Europe as predicted.
- Consumer Insight has strong profit and operating margin performance but slow custom revenue growth in mature markets.
- Variable costs (incentive pools of ca. \$500m, freelance and consultants) reaching peak levels as we close the year.
- Operating margin well ahead of prior year and 2011 Budget and full year cash generation strong
- Overall on track for 5% organic revenue growth or almost 6% organic gross margin growth and delivering 80bps or more margin improvement.



2 Key Priorities, Objectives and Strategy



Key Priorities, Objectives and Strategy

Macro

- Eurozone crisis dominant short term issue
- Concerns on growing US deficit and overall fiscal position in 2013 but some signs of stronger growth ahead of US election
- Faster growing markets remain strong as does digital and media planning and buying
- China hard landing/ soft landing or no landing?
- India slowing / inflation and regulatory uncertainty
- Latin America, Russia and Africa strong
- Middle East political and economic uncertainty

Micro

- Bifurcation in client growth
- Mature markets investment in brands not capacity
- Fast growth markets (“BRICs” and “Next 11”) investment in capacity AND brands as clients search for growth
- Efficiency and effectiveness still key



Key Priorities, Objectives and Strategy

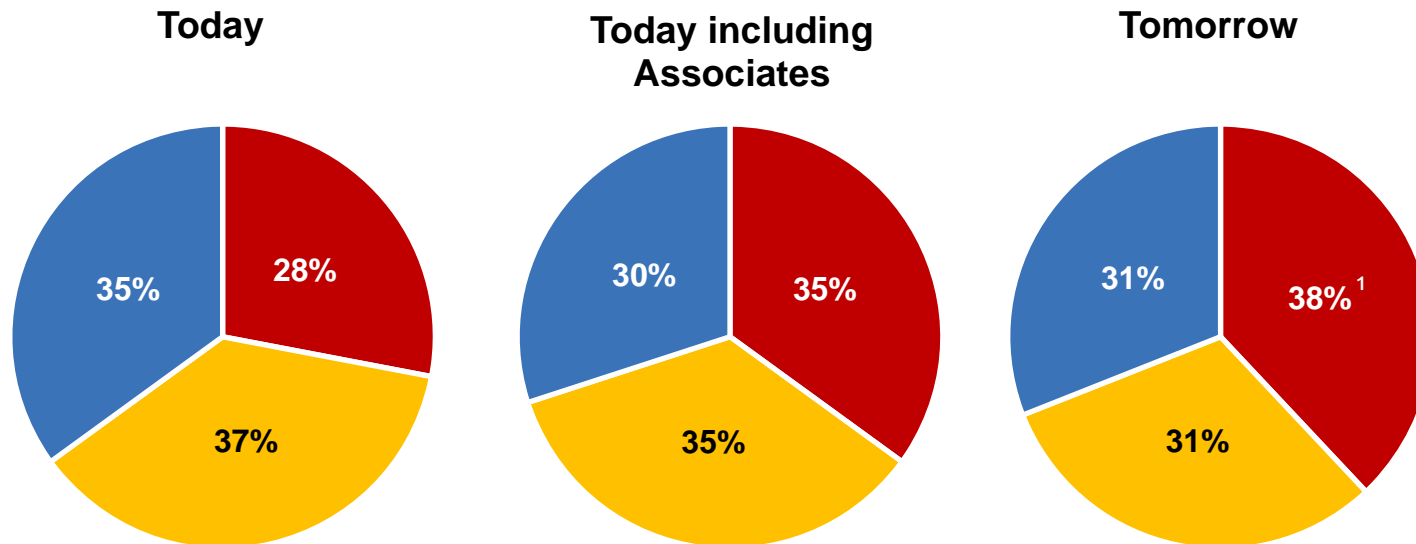
New Markets, New Media and Consumer Insight

- Faster growing markets now to be over one third of total Group (35% - 40%).
- New media now to be over one third of total Group (35% - 40%).
- Marketing Services to be two thirds of total Group.
- Quantitative disciplines including consumer insight to be over one half of total Group, with focus on digital and consumer insight.



Key Priorities, Objectives and Strategy

Faster Growing Markets to be 35% - 40% of Total Group



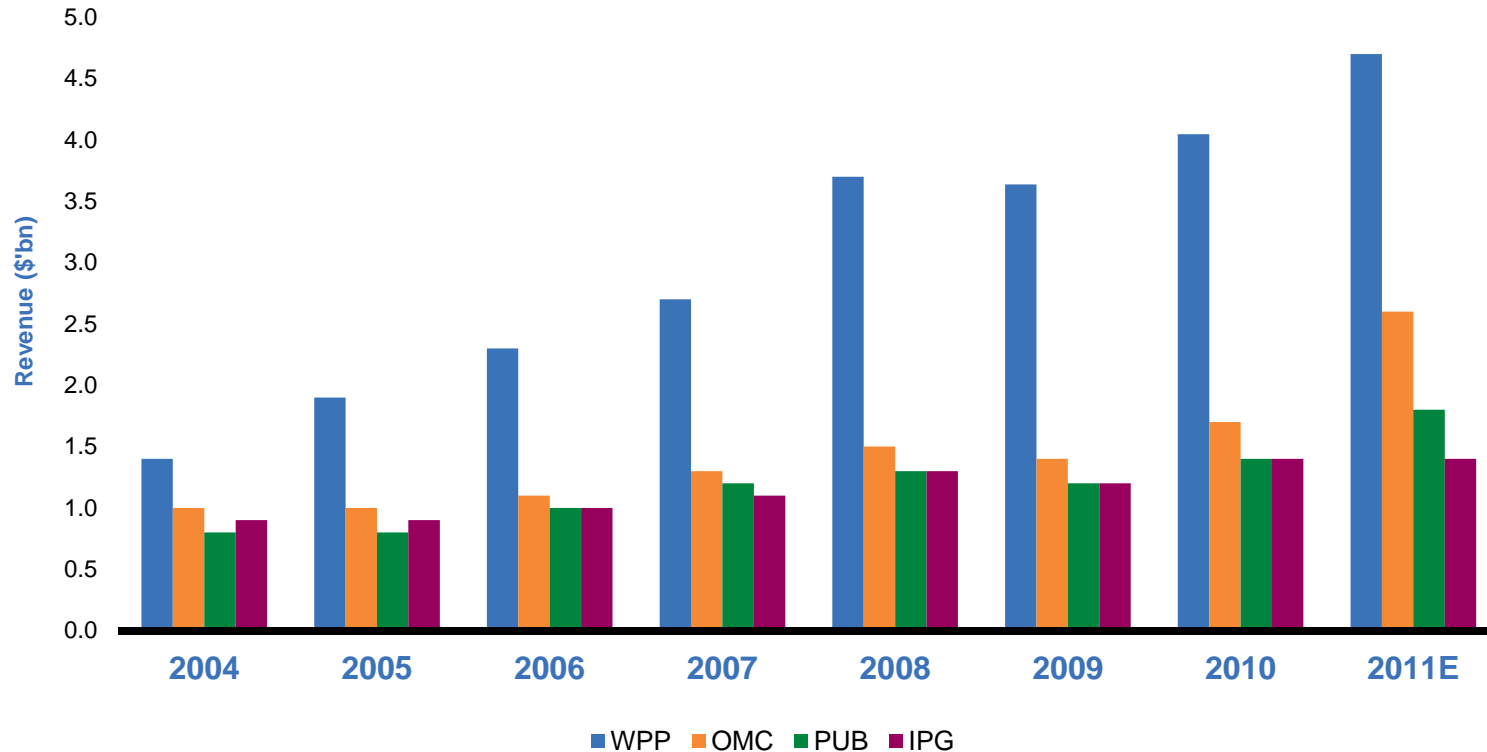
- North America
- UK & Western Continental Europe
- Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe¹

¹ Being mid-range of 35% - 40% target for faster growing markets.



Key Priorities, Objectives and Strategy

Revenues in Faster Growing Markets 2004-2011E

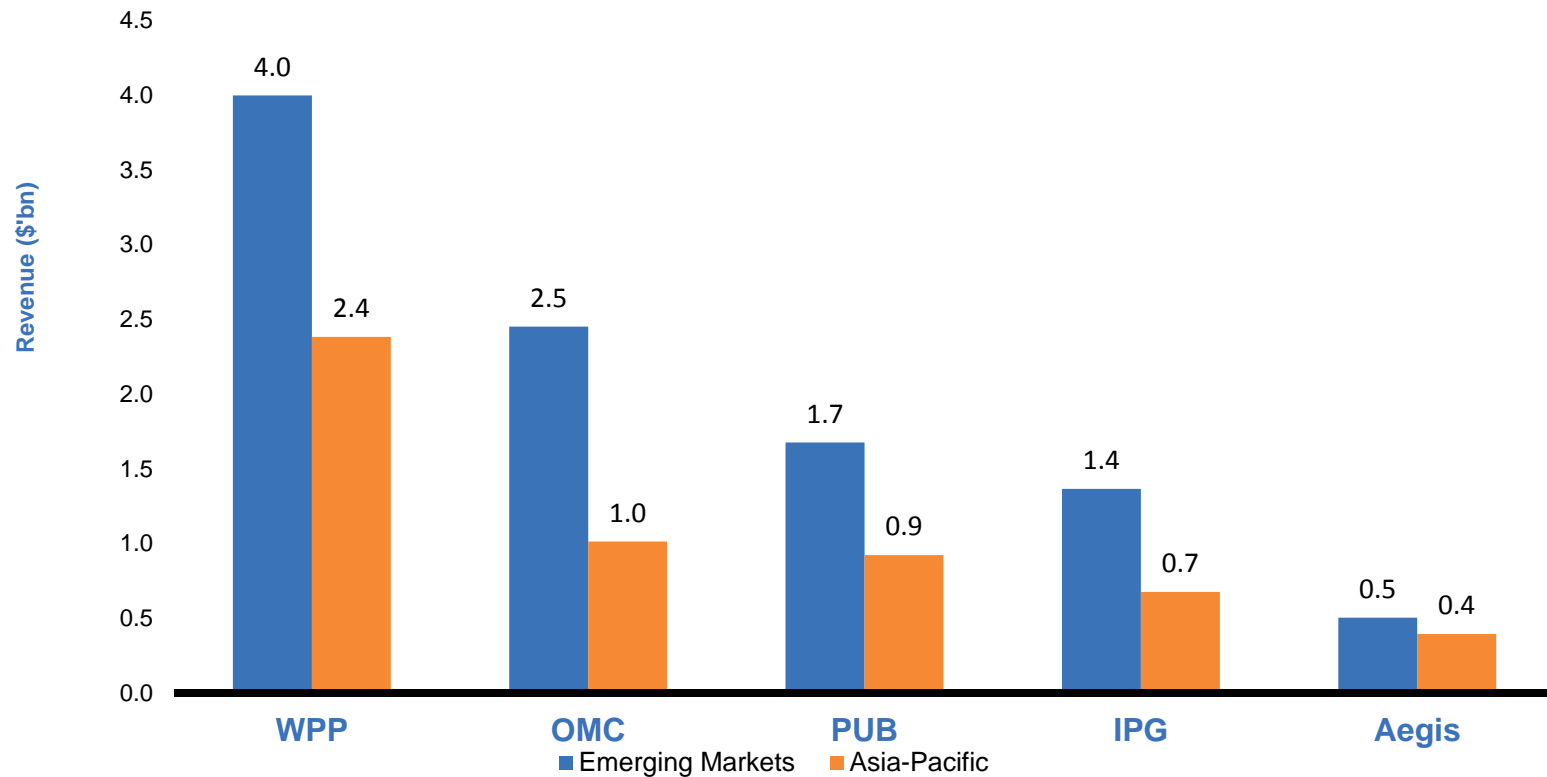


1. WPP reportable US\$'s per WPP results and peer \$ revenues as shown in annual results presentations.
2. Peer data sourced from annual results translated at average exchange rate for the year (IPG, Publicis and Omnicom).
3. OMC Assumes "non-Euro currency" Europe, ie Switzerland, Turkey, Norway, Denmark, Sweden and Eastern Europe are 3% of revenue and Canada 1.5%.
4. 2011 based on consensus revenue estimates in USD against YTD geographic mix as disclosed.



Dominant market position in Asia

Revenue exposure to emerging markets and Asia-Pacific - 2011
Nomura Estimates



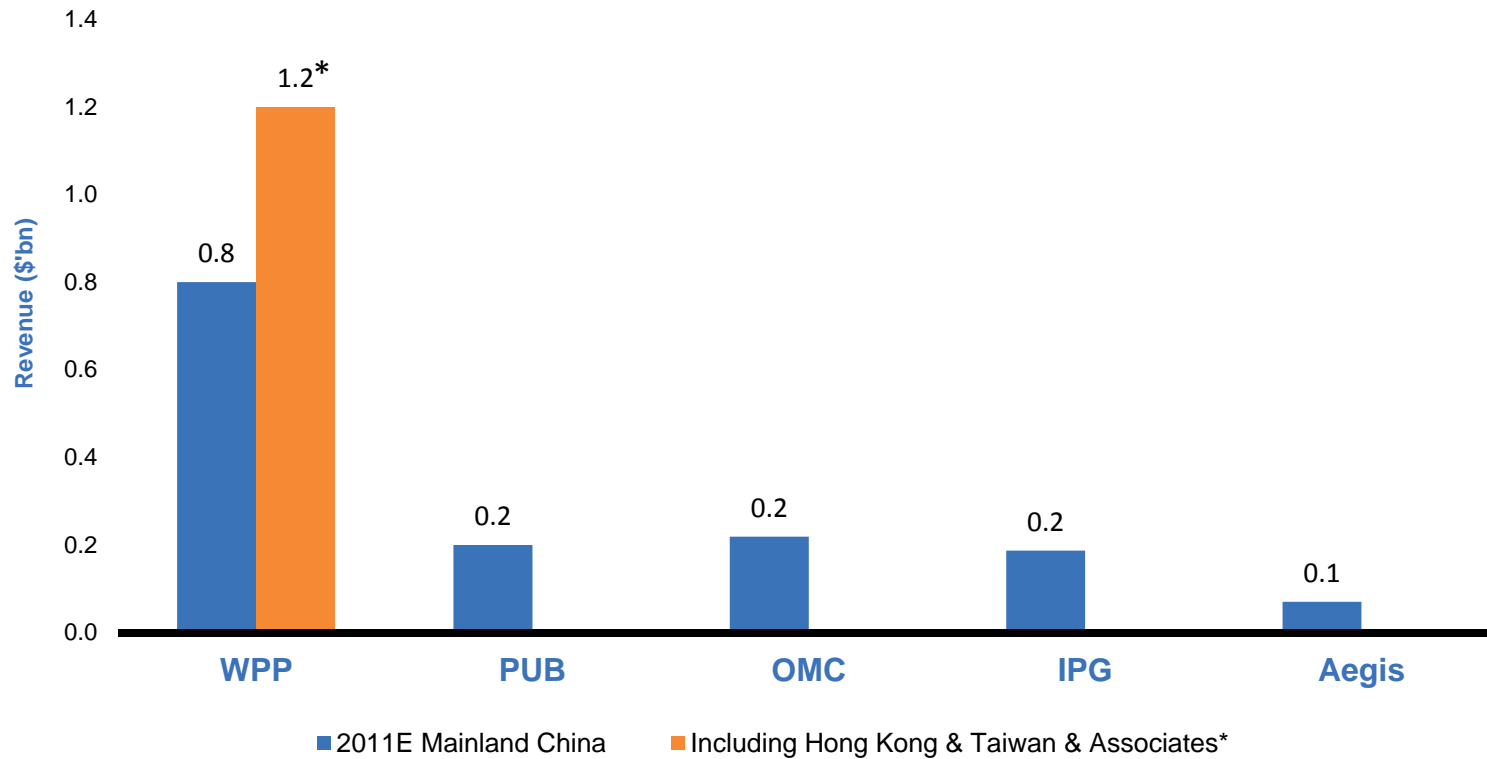
1. Nomura Estimates (based on 2011 full year revenue estimates)

* Emerging Markets excludes Japan/Australia



Dominant position in China

Revenue in China – 2011 R3 Estimates

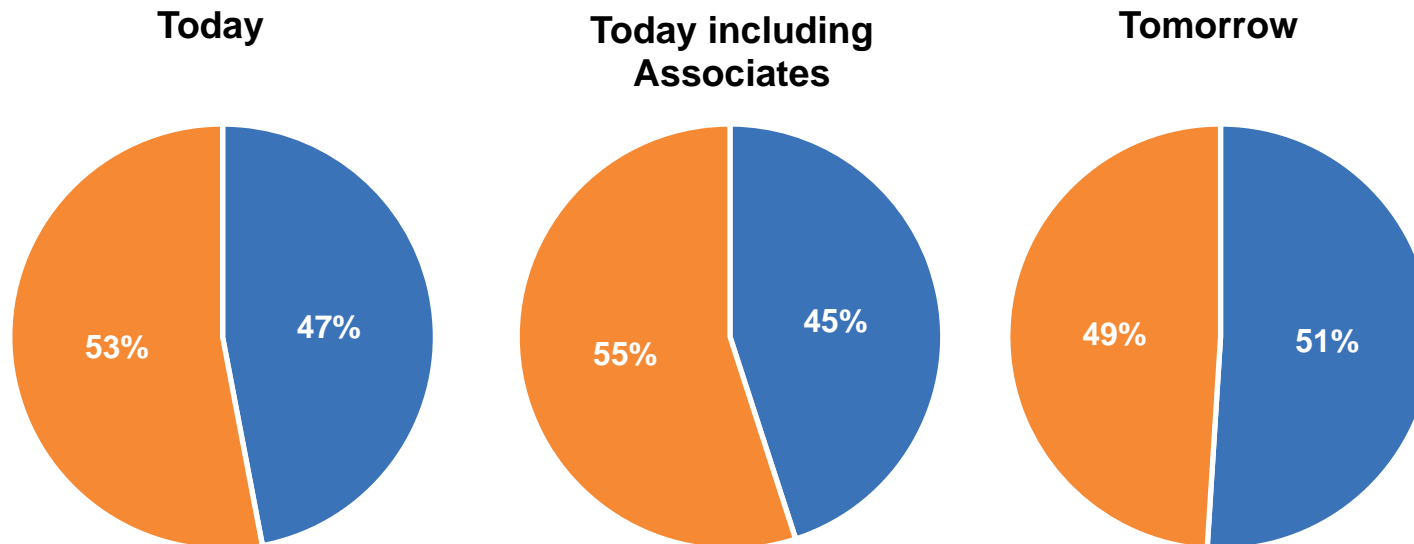


1. R3 Data mainland China – 2011 Family Tree Revenue Estimates
2. * WPP figure



Key Priorities, Objectives and Strategy

Quantitative Disciplines to be over One Half of Total Group

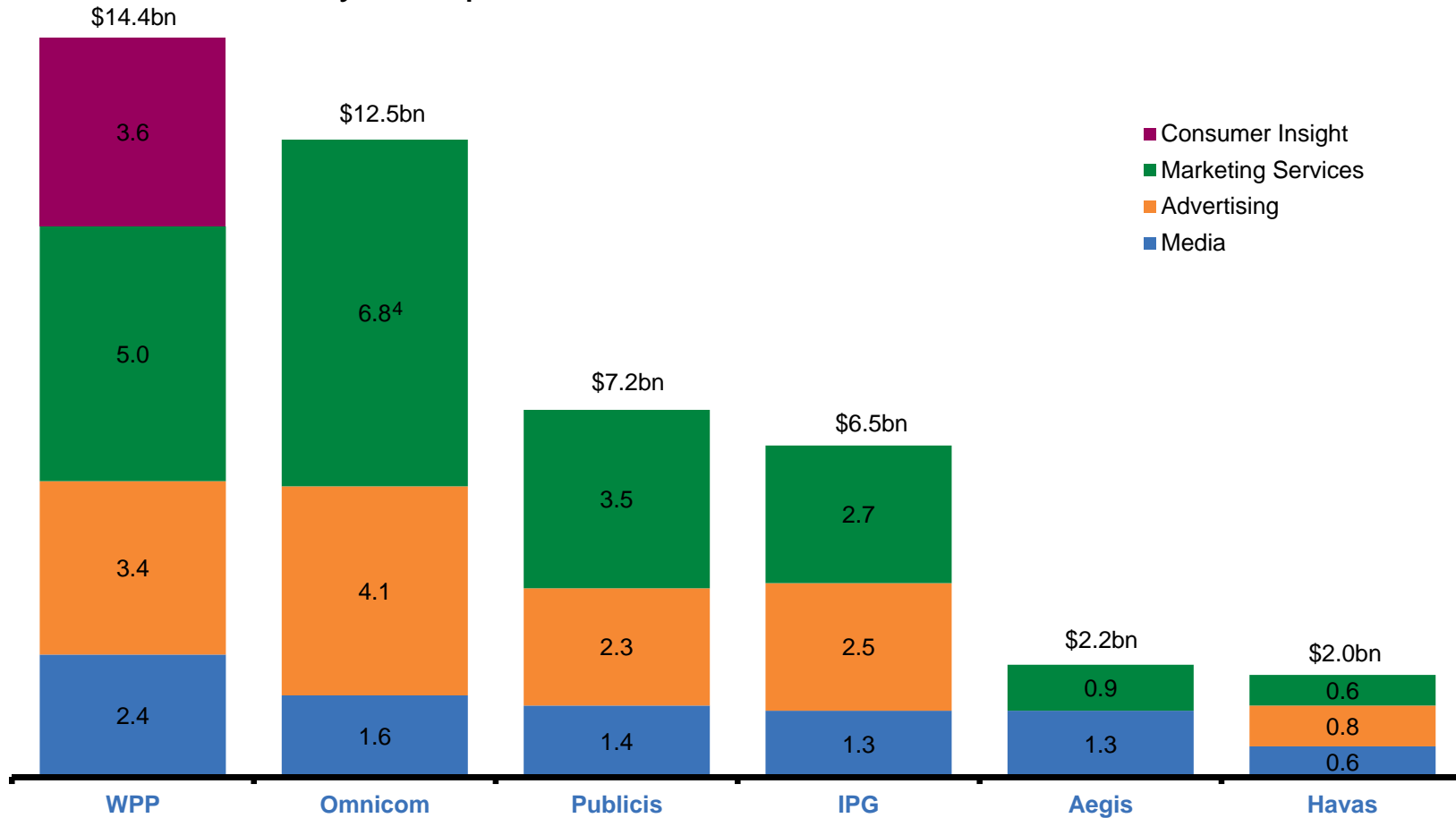


- Consumer Insight and Direct, Digital & Interactive
- Advertising, Media Investment Management & Other Marketing Services



Key Priorities, Objectives and Strategy

2010 Revenue by Discipline



Source: ¹ WPP reportable US \$'s per WPP preliminary results.

² 2010 company disclosures except: Aegis '10 consensus estimate revenue at '09 splits, Havas, and IPG media splits analyst estimates.

³ FX. Havas and Publicis assumes \$1=€0.75 based on the average for 2010.

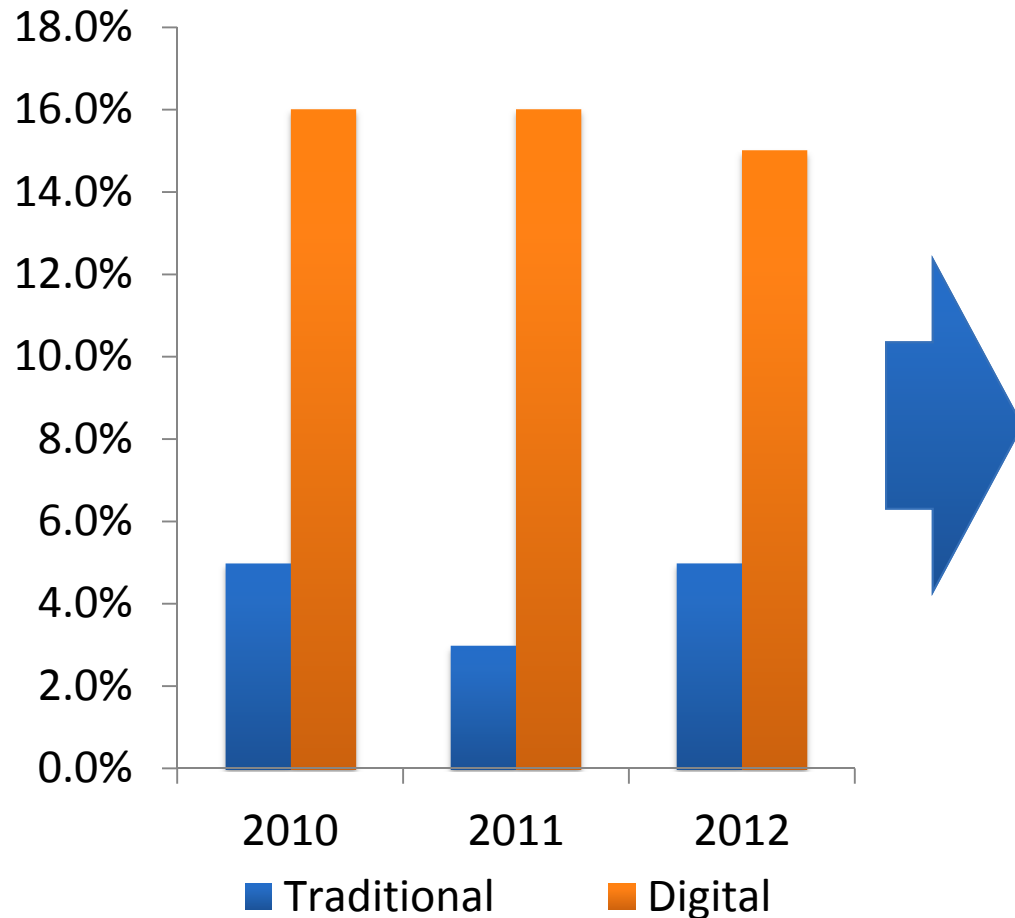
⁴ Omnicom's \$6.8bn of Marketing Services revenue includes food broking, barter, SELLBYTEL and consumer insight operations.



The Digital Opportunity

Today - 17% of ad spend

Growth in Global Ad Spend



Key Areas of Client Focus

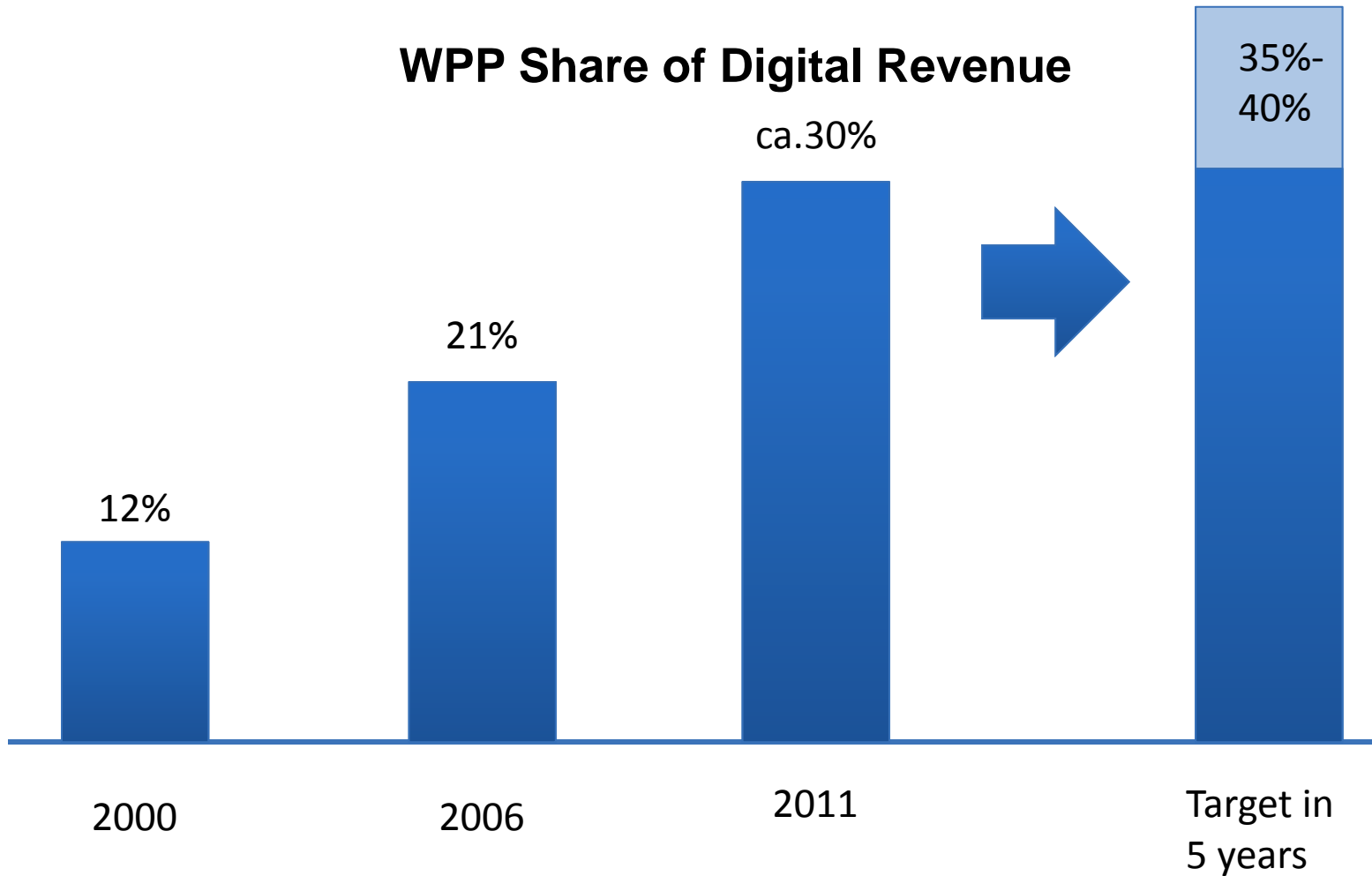
- Search and display media, particularly audience buying
- Mobile for next 4 billion consumers
- Social media – 25% of time on Facebook, Twitter, blogs, etc
- e-commerce for all categories from auto to fmcg



Delivering results

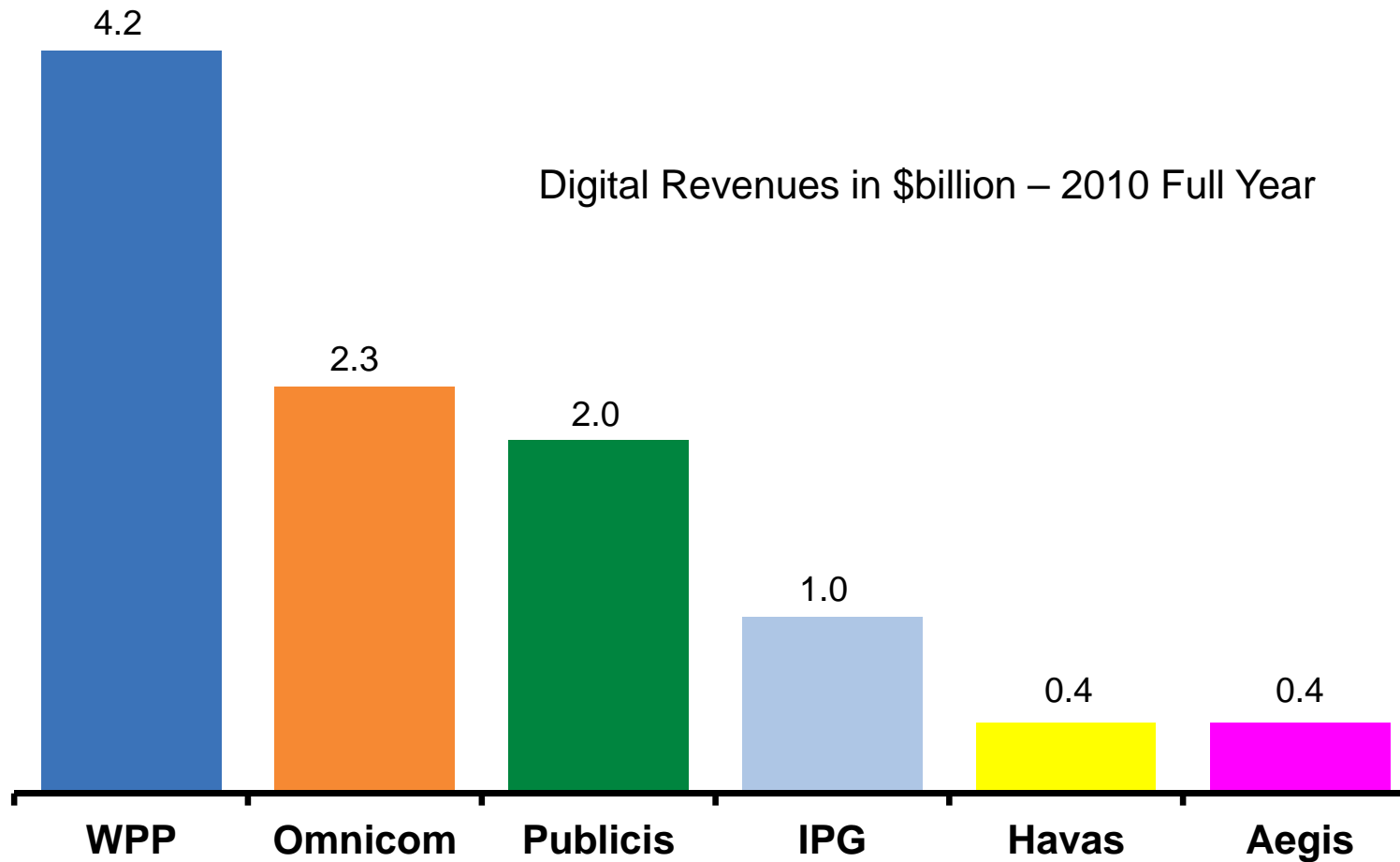
Today - 30% of WPP revenues

WPP Share of Digital Revenue



Strong competitive position

Global scale and quality



¹ Peer digital revenue \$bn according to Ad Age %'s applied to FY US\$ revenue.



Strong competitive position

WPP's Global Digital Networks

Annual Revenues	\$'m
	950
	900
	300
  	330
	100
	125



WPP's Digital Strategy

Digital Everywhere

- Digital in all our businesses
- Expand and develop our Global Digital Networks – G2, GroupM Search, OgilvyOne, Possible Worldwide, Wunderman, VML

New Businesses

- Possible Worldwide – global digital network launched Feb 2011
- Xaxis – the most global audience-buying business for digital media
- tenthavenue – with a focus on out-of-home media

Data and Technology

- \$1bn+ in digital spend on proprietary WPP technology platforms
- Both internal and 3rd party technologies integrated by 24/7 Real Media
- Greater flexibility to use data across clients, media, research, etc
- Allows us to launch new businesses such as Xaxis

Innovation Areas

- Mobile, social and ecommerce



3 Financial Model and Outlook



WPP Financial Model

- Revenue growth in line with the market (0%-5%).
- Operating margin up 0.5 margin points each year.
- PBIT growth of 5%-10% per annum.
- Uses of free cash focused on dividend growth and small to mid-sized acquisitions
- Target EPS growth of 10%-15% per annum.
- Average Net Debt to EBITDA below 2x
- Target to reach payout ratio of 40%



2012 Client Environment

GroupM Global Ad Spend Forecast

	2012	2011
<u>Global</u>	<u>6.4</u>	<u>5.0</u>
USA	4.0	3.3
LatAm	14.2	10.0
W Eur	1.9	0.7
CEE	11.2	14.3
AsPac	10.2	8.2
N Asia	14.6	13.4

- Global growth down from prior 6.8%
- Like-for-like 2012 growth is ca 5% ex Quadrennial and Japan recovery
- US Election is half of US growth
- New markets contribute 66% of expected 2012 ad growth
- Digital contributing 43% of expected 2012 ad growth



2012 Preliminary Budget

- Organic revenue growth of ca. 4% driven by low growth in mature markets of North America and Western Europe and faster growth in Asia Pacific, Latin America, Central & Eastern Europe and Africa and Middle East
- These faster growth markets deliver over 2/3 of absolute growth
- Operating margin improvement targeted at 0.5% over 2011F
- This would give EPS growth of 5%-10% per annum.
- Use of free cash for dividend growth, share buybacks and small to mid sized acquisitions (estimated £200m to £300m versus 2011 spend of £400m) which with 2012 impact of 2011 acquisitions enhances eps further
- Target EPS growth of 10%-15% per annum in line with Financial Model



Conclusion

- The Group is well placed as we begin preparations for 2012, with:
 - high level of variable costs
 - headcount and staff cost growth below revenue growth
 - costs well controlled and operating margin rising
- The strong position and trends in Faster Growing Markets, Digital Markets and Media Investment Management support our revenue goal of industry growth or more.
- There are good opportunities to achieve EPS growth in 2012 from top line organic growth of ca 4%, margin improvement of up to 50 bps and the application of our substantial cash flow to dividend growth, share buy-backs and acquisitions.



WPP

2011 UBS Conference New York

December 2011



WPP