

# WPP UBS Media Conference

9<sup>th</sup> December 2009



# WPP

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Key Priorities, Objectives and Strategy

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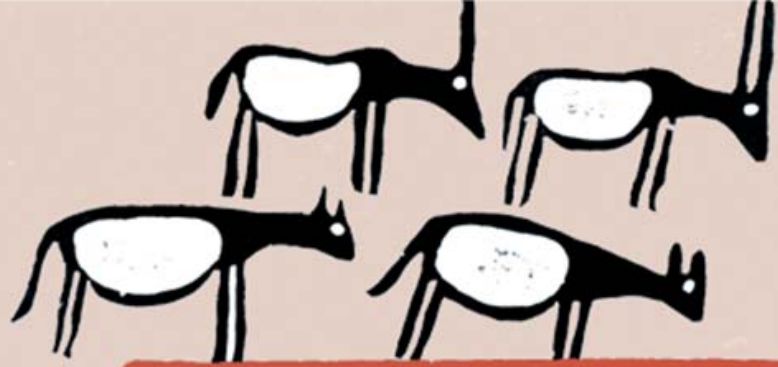
Conclusions and Outlook

3

WPP Historical Background – backup only

4

23 Year History – backup only



# WPP

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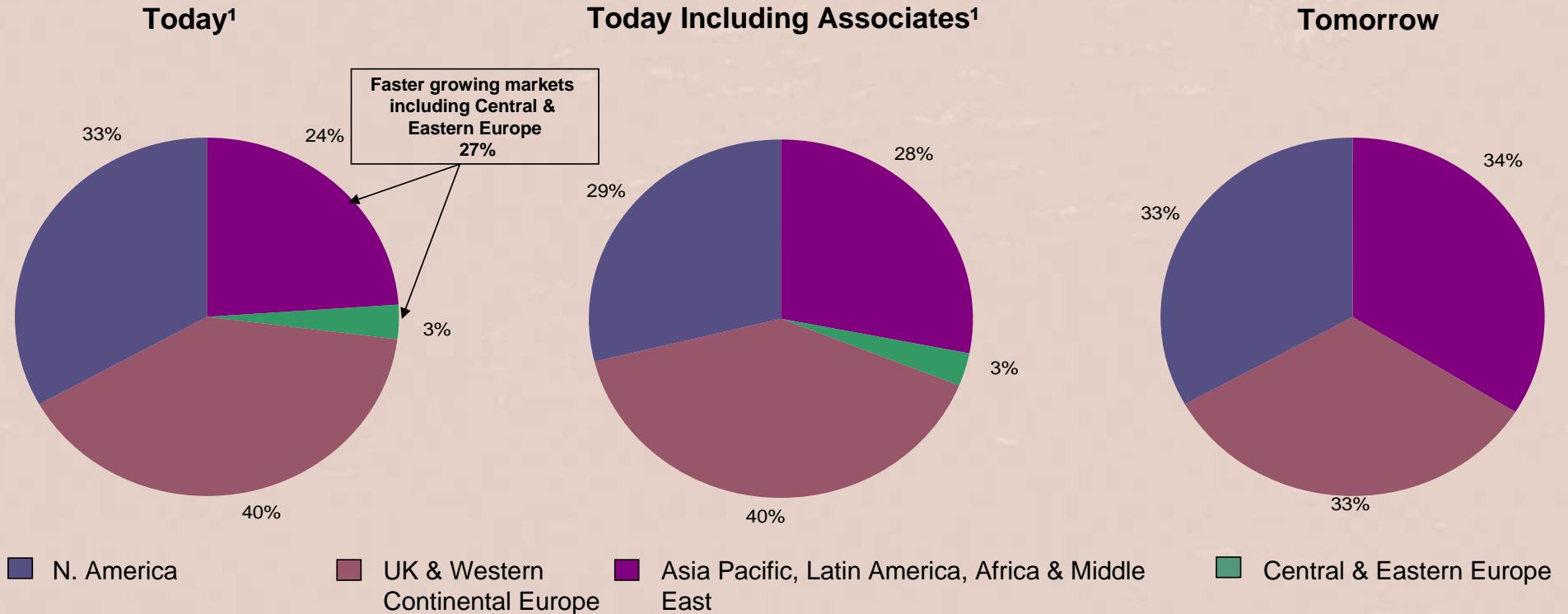
Key Priorities, Objectives and Strategy



# Key Priorities, Objectives and Strategy

- ✿ Faster growing markets to be one third of total group.
- ✿ Marketing services including new media to be two thirds of total group.
- ✿ Quantitative disciplines including consumer insight to be one half of total group.

# Faster Growing Markets to be One Third of Total Group



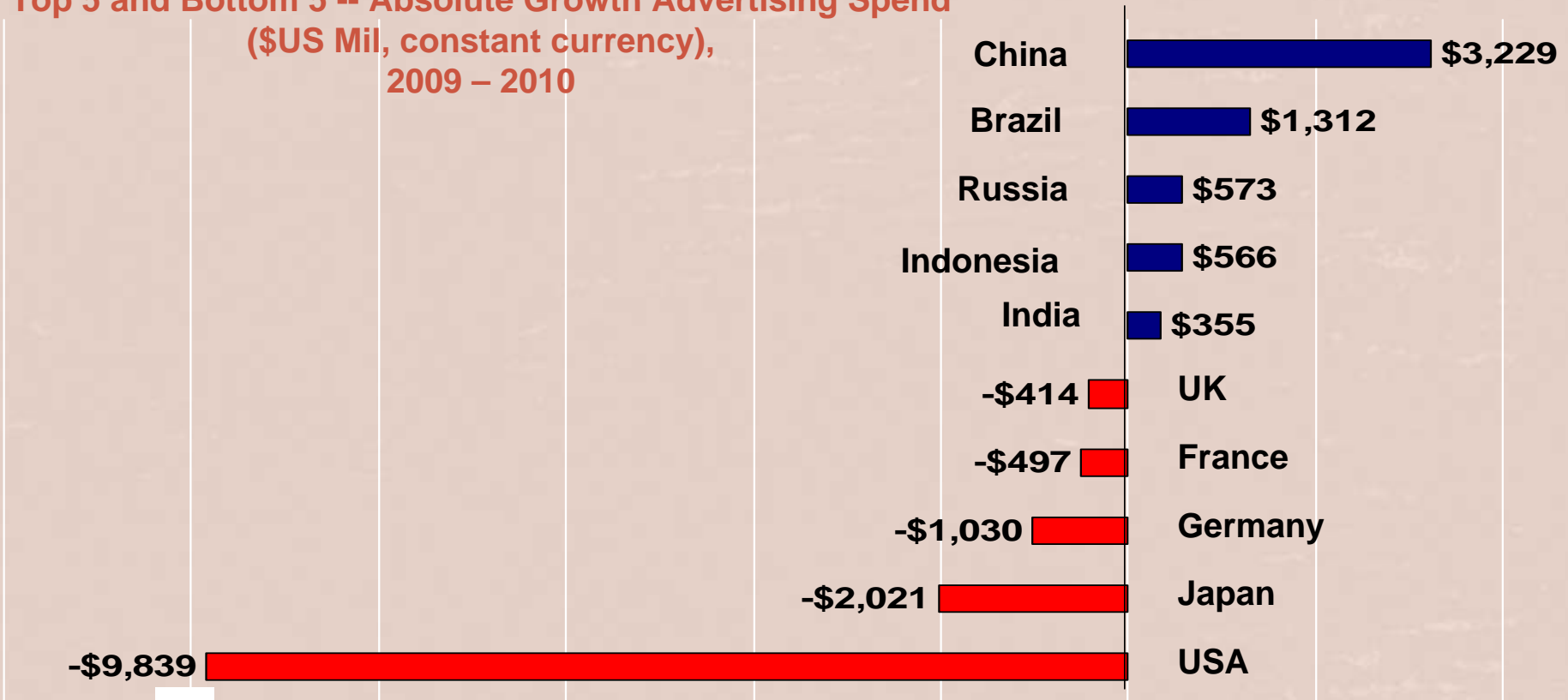
<sup>1</sup> Based on full year 2008 reported revenue adjusted to include TNS for a full year.

# Why “Faster Growing Markets”

- ✿ Large populations – China, India, Indonesia and Brazil are all in the top 5 countries by population.
- ✿ Long term gdp growth opportunities
- ✿ Trend in marketing spend as a % of gdp
- ✿ Source of future clients ( today Lenovo, Haier, Hyundai, Samsung, LG, Tata, Reliance)
- ✿ Good profitability

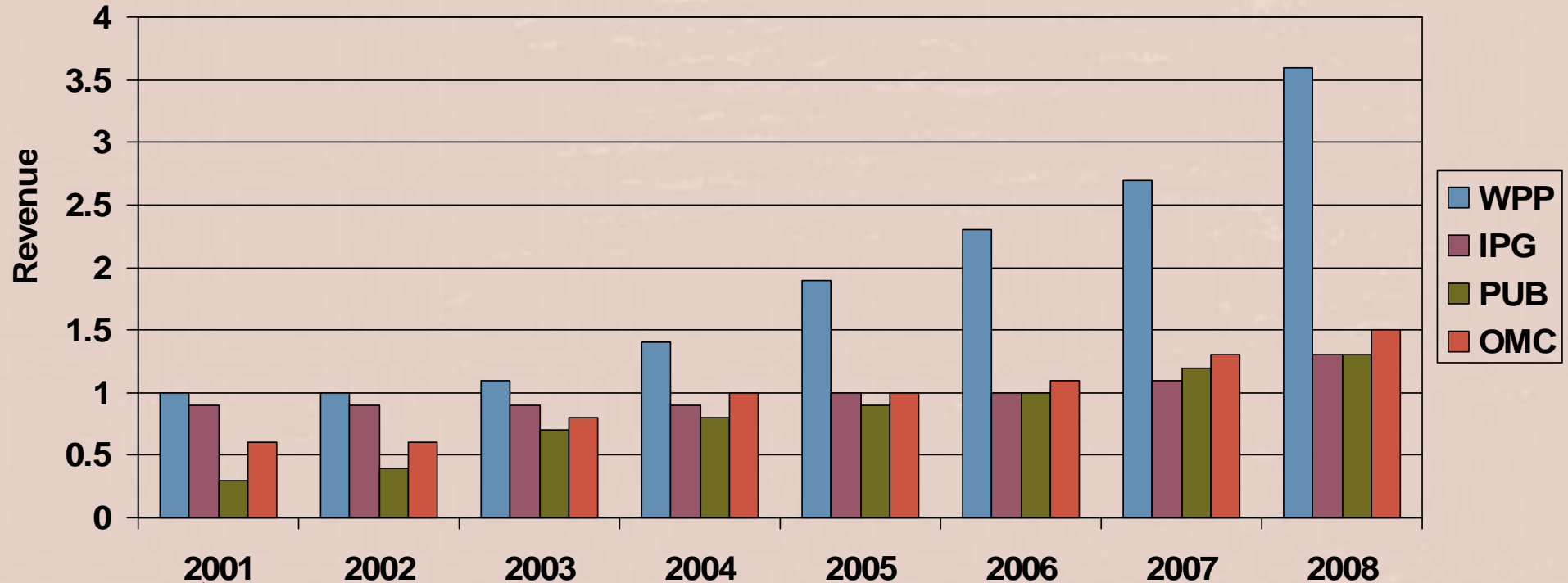
# Growth is in the BRIIC markets

Top 5 and Bottom 5 -- Absolute Growth Advertising Spend  
(\$US Mil, constant currency),  
2009 – 2010



# Faster Growing Markets - WPP and Peer Group

Strategy has delivered a \$2bn gap to nearest peer over 7 years



1. WPP and peer \$ revenues as shown in WPP annual results presentations

2. Peer data sourced from annual results translated at average exchange rate for the year (IPG, Publicis and Havas)

3. OMC Assumes "non "Euro currency" Europe , ie Switzerland, Turkey, Norway, Denmark, Sweden and Eastern Europe are 3% of revenue and Canada 1.5%

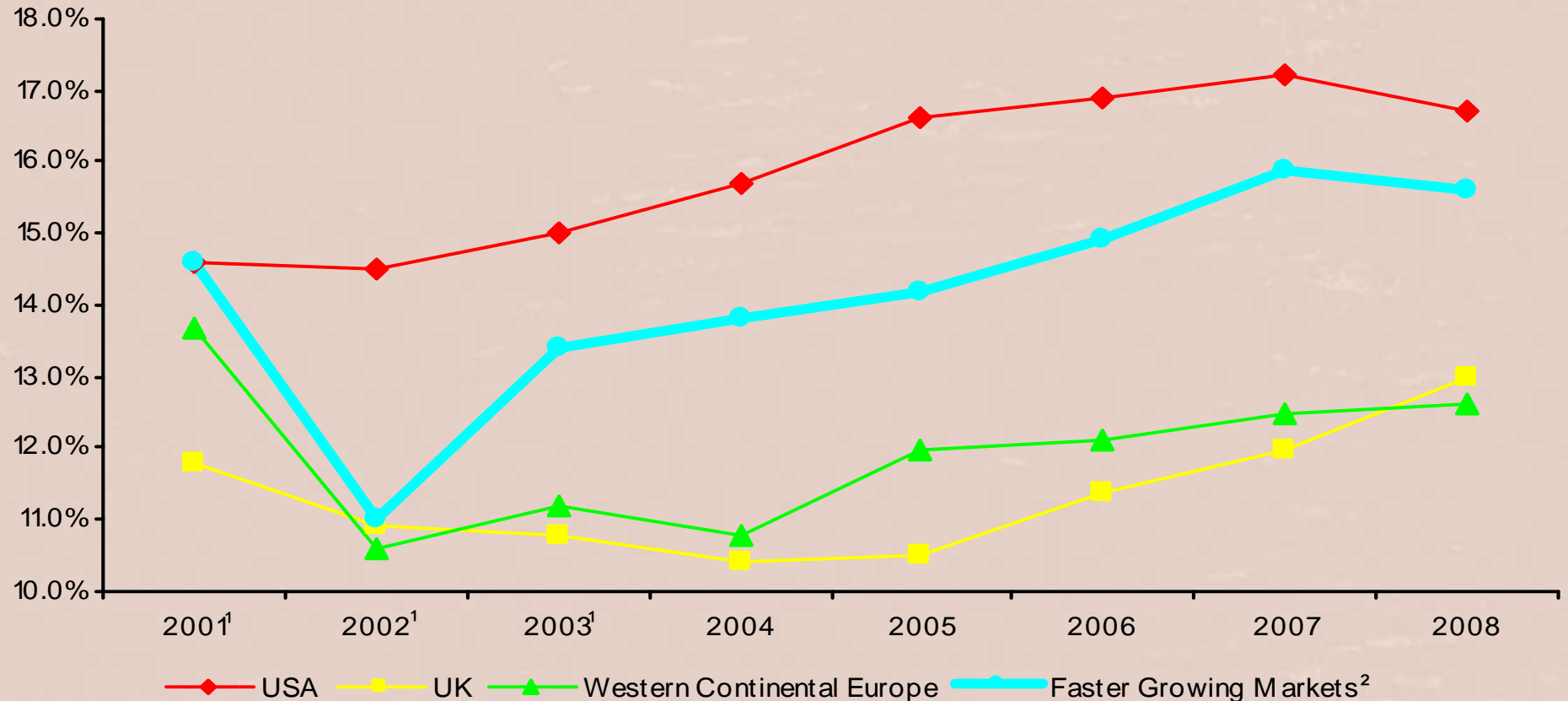
# WPP Leading position in Asia

## Media Magazine “Agency of the Year” Awards : WPP Agencies Dominate

	<u>Advertising</u>	<u>Below the Line</u>	<u>Media</u>
2008	BBDO	<b>OgilvyOne</b>	OMD
2007	<b>Ogilvy</b>	<b>OgilvyOne</b>	<b>Mediaedge:cia</b>
2006	<b>Ogilvy</b>	<b>OgilvyOne</b>	OMD
2005	TBWA	Tequila	<b>Mindshare</b>
2004	TBWA	<b>OgilvyOne China</b>	<b>MindShare</b>
2003	<b>Ogilvy &amp; Mather</b>	<b>OgilvyOne AP</b>	<b>MindShare</b>
2002	<b>JWT</b>	<b>OgilvyOne HK</b>	OMD
2001	Leo Burnett		
2000	Saatchi & Saatchi		
1999	<b>Ogilvy &amp; Mather</b>		
1998	<b>Ogilvy &amp; Mather</b>		
1997	<b>DY&amp;R</b>		
1996	<b>Bates Advertising</b>		

# Faster Growing Markets – above average margin

(Headline PBIT Margin 2001 – 2008)



<sup>1</sup> Based on UK GAAP

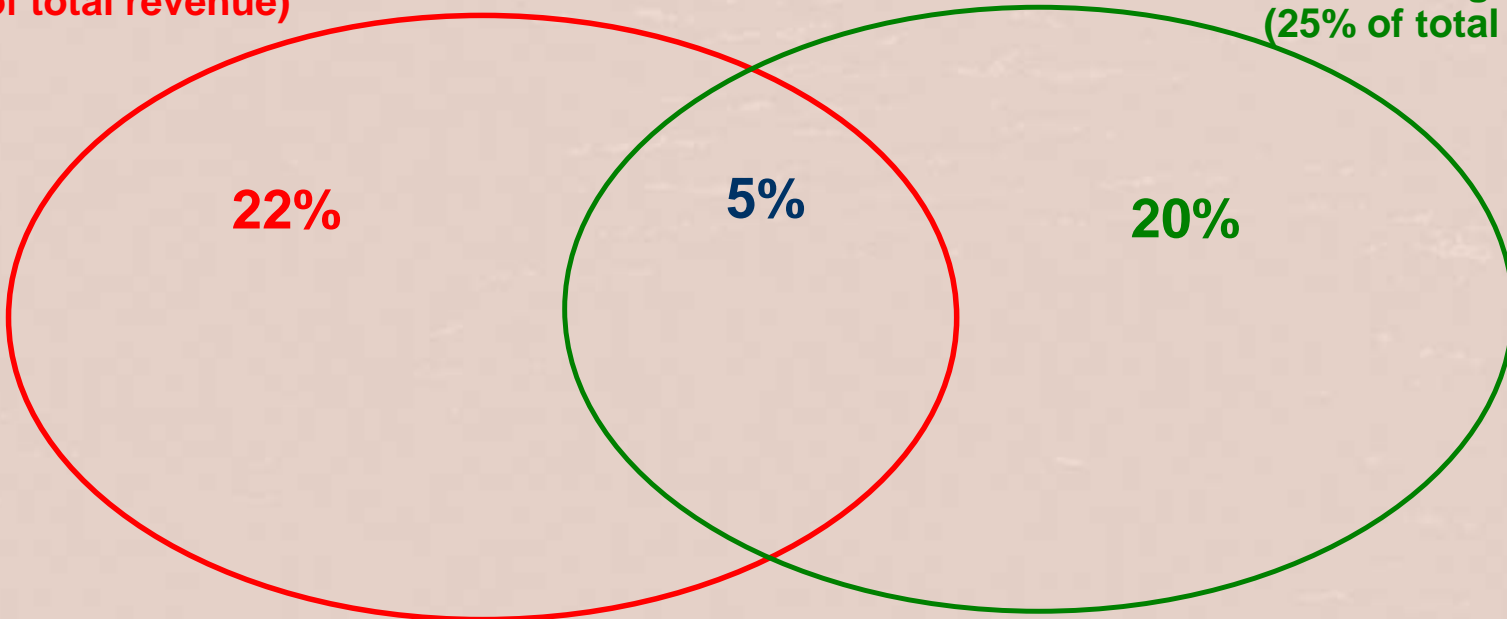
<sup>2</sup> Includes: Asia Pacific, Latin America, Middle East & Africa & Central & Eastern Europe

# Faster Growing Markets

WPP Position in Direct and Digital<sup>1</sup>

**Faster Growing Markets**  
(27% of total revenue)

**Direct & Digital businesses**  
(25% of total revenue)



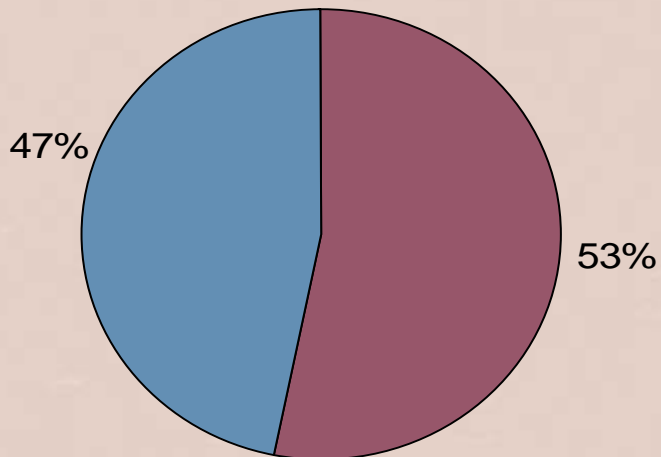
Faster Growing and Direct & Digital represent just under 50% of revenue

<sup>1</sup>Based on 2008 PF

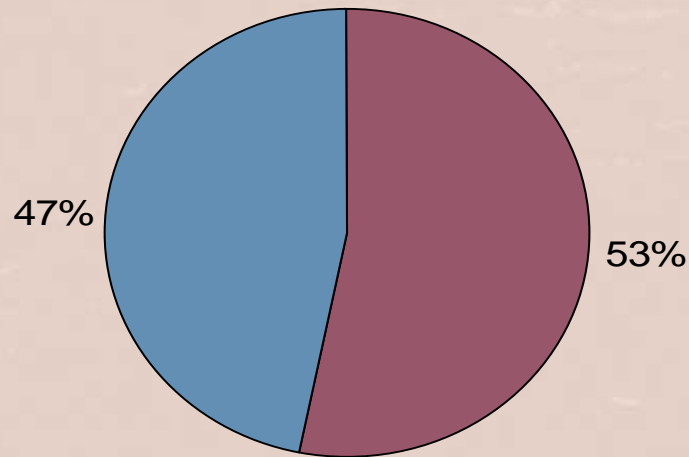
# Key Priorities, Objectives and Strategy

## Quantitative Disciplines to be One Half of Total Group

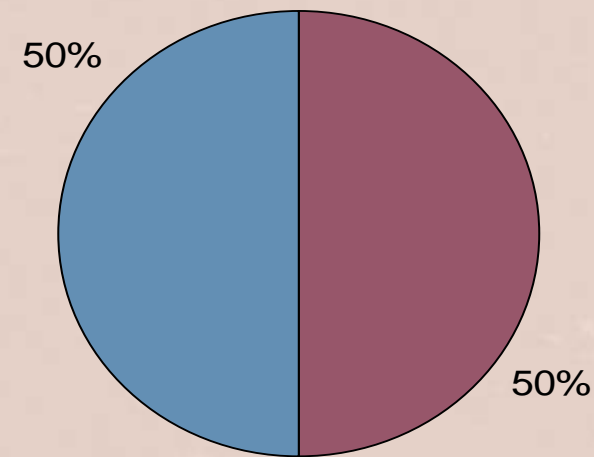
Today <sup>1</sup>



Today including associates <sup>1</sup>



Tomorrow



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

<sup>1</sup> Based on full year 2008 reported revenue, adjusted to include a full year of TNS.

# WPP Position on Consumer Insight

- Consumer Insight to represent over \$4 billion including TNS.
- Creates second largest consumer insight business globally.
- Creates fourth largest business information group globally.

<u>Rank</u>	<u>Information, Insight &amp; Consultancy Groups</u>	<u>Revenue 2008A (\$m)</u>
1	Nielsen	5,012
<b>2</b>	<b>Kantar/TNS proforma</b>	<b>4,166</b>
3	IMS	2,329
4	GfK	1,789
5	Ipsos	1,430
6	Synovate	947
7	IRI <sup>(1)</sup>	665
8	Westat <sup>(1)</sup>	426
9	Arbitron	369

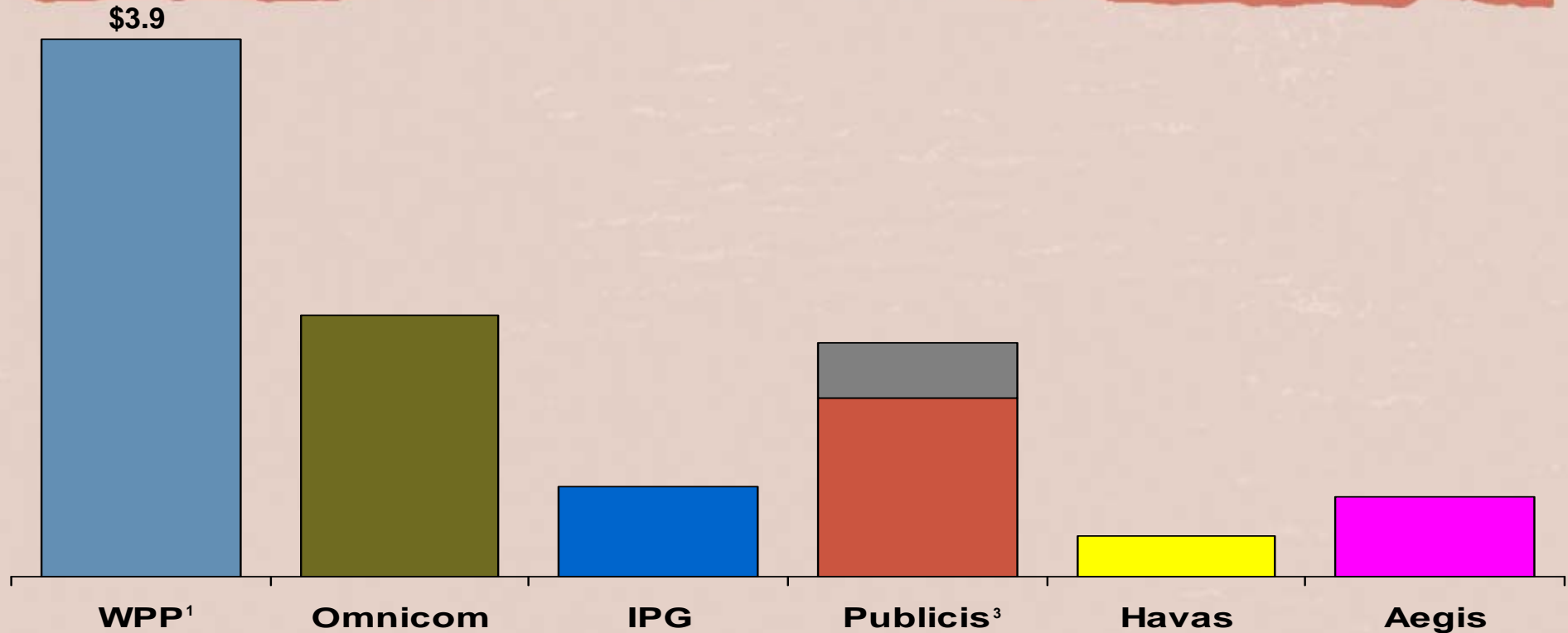
<u>Rank</u>	<u>Information Services Companies</u>	<u>Revenue 2008 (\$m)</u>
1	Thomson Reuters	13,399
2	Nielsen	5,012
3	Bloomberg	6,100
<b>4</b>	<b>Kantar/TNS proforma</b>	<b>4,166*</b>
5	IMS	2,329
6	Experian	4,133
7	McGraw-Hill – info/media	1,082
8	Reed Elsevier – legal svcs	3,590
9	Equifax	1,936

Source: Company filings  
 (1) 2006A from Honomichl

Source: The Research Ratings Business Information 100, October 2008  
 \*Kantar/TNS based on Company filings

# WPP Position in Direct, Internet and Interactive vs. Peers

Estimated 2008 Proforma revenue from Direct, Internet and Interactive



1 WPP adjusted to include a full year of TNS.

2 Peer digital revenue according to Ad Age %s applied to FY US\$ revenue.

3 Proforma for Razorfish acquisition August 11, 2009.

# WPP digital technology platforms proven at scale and unmatched by peers

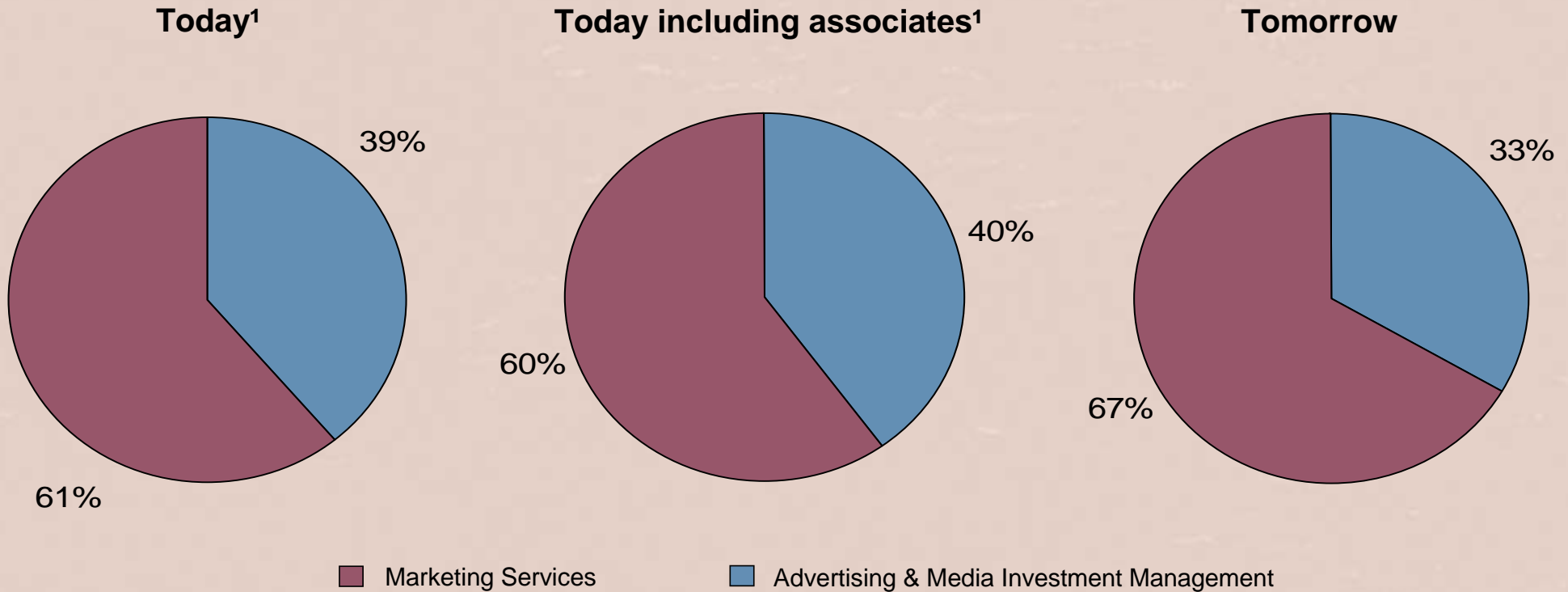
<b>Information, Insight &amp; Consultancy</b>	Compete	Tracks 3m websites, 16m search terms each month
	Dynamic Logic	World's leader in tracking online ad effectiveness; insights covering 2400+ campaigns, 3.9M survey respondents
	Lightspeed	World's largest online panel
<b>Media Investment Management</b>	GroupM Interaction	World's largest buyer of media with 2008 billings of ca \$4 billion; one of largest agency customers of Google, Yahoo! and MSN
	DecideDNA	Leading global search engine management platform; supports multiple languages and currencies, including Chinese, Korean and Japanese (also licensed by Dentsu)
	B3	Since inception only 12 mos ago, has optimized 400+ campaigns, across 1100+ publishers and ad networks, reaching 100% of US and UK online audience
<b>Digital &amp; Direct Marketing</b>	Omniure*	5000 clients including 30 of WPP's top 50
	Visible Technologies*	A leader in social media monitoring and engagement with over 150 clients (including the CIA!)

# WPP's 24/7 top 10 ad network

Unique Visitors of Top 10 Online Media Properties		
Data as of September 2009; source: Comscore/Piper Jaffray		
Ad Property	Unique Visitors (m)	Reach
AOL Advertising	181.2	91%
Yahoo! Network	176.2	89
Google Ad Network	171.2	86
Tremor Media	167.9	85
ValueClick	163.0	82
Yahoo!	158.2	80
Specific Media	156.8	79
Google	156.8	79
Fox Audience Network	155.5	78
<b>24/7 Real Media*</b>	<b>150.8</b>	<b>76</b>

# Key Priorities, Objectives and Strategy

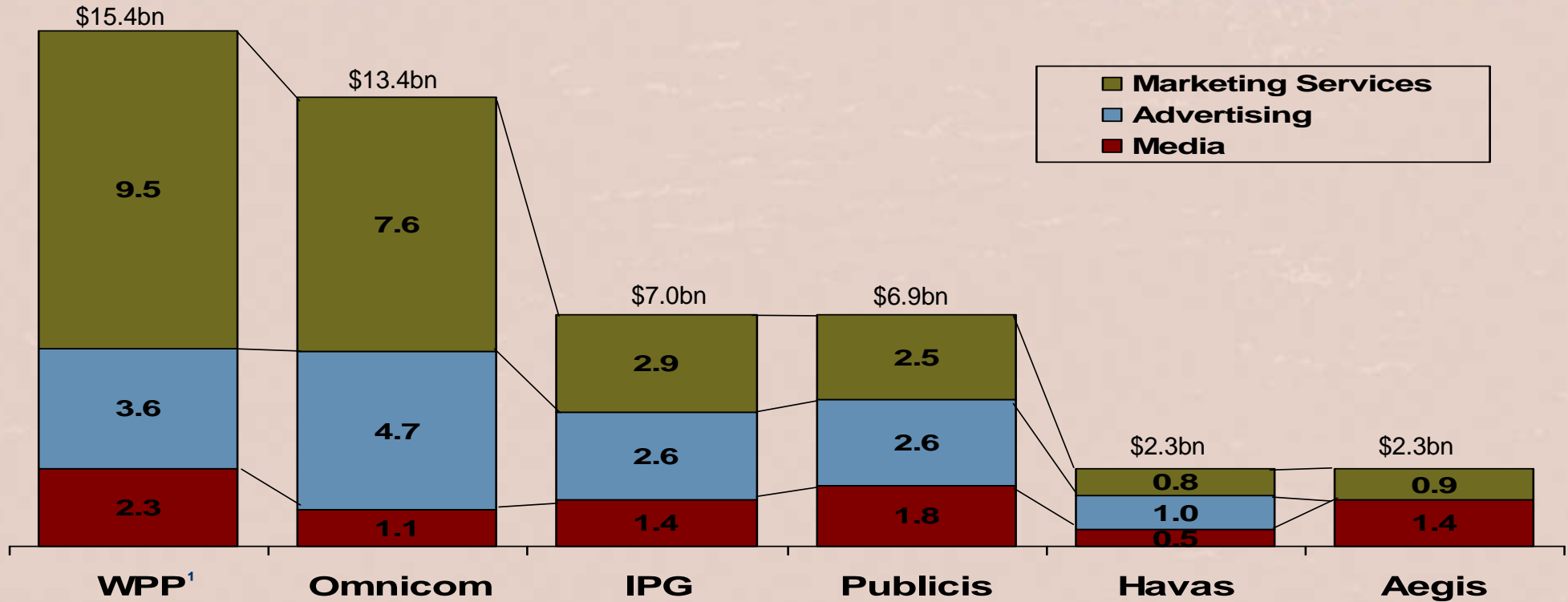
## Marketing Services to be Two Thirds of Total Group



<sup>1</sup> Based on full year 2008 reported revenue adjusted to include a full year of TNS.

# Key Priorities, Objective and Strategy

## Revenue by Discipline vs. Peers



Source: <sup>1</sup> WPP sterling revenue converted at \$1.85=£1 based on the average for 2008, adjusted to include a full year of TNS.

<sup>2</sup> 2008 Company Presentations; Aegis consensus estimate.

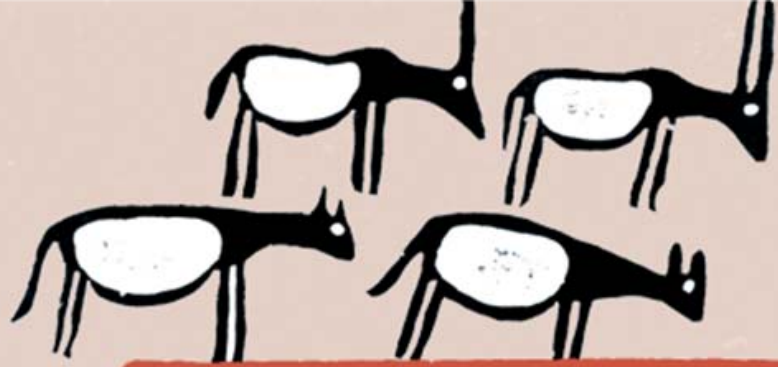
<sup>3</sup> Media split based on Deutsche Bank estimates.

<sup>4</sup> FX. Havas and Publicis assumes \$1=€0.68 based on the average for 2008.

# Key Priorities, Objectives and Strategy

We continue to focus on our key objectives

- \* Improving operating margins.
- \* Increasing flexibility in the cost base.
- \* Using free cash flow to enhance share owner value, and improve return on capital employed.
- \* Developing the role of the parent company.
- \* Emphasising revenue growth more as margins improve.
- \* Improving the creative capabilities and reputation of all our businesses.



# WPP

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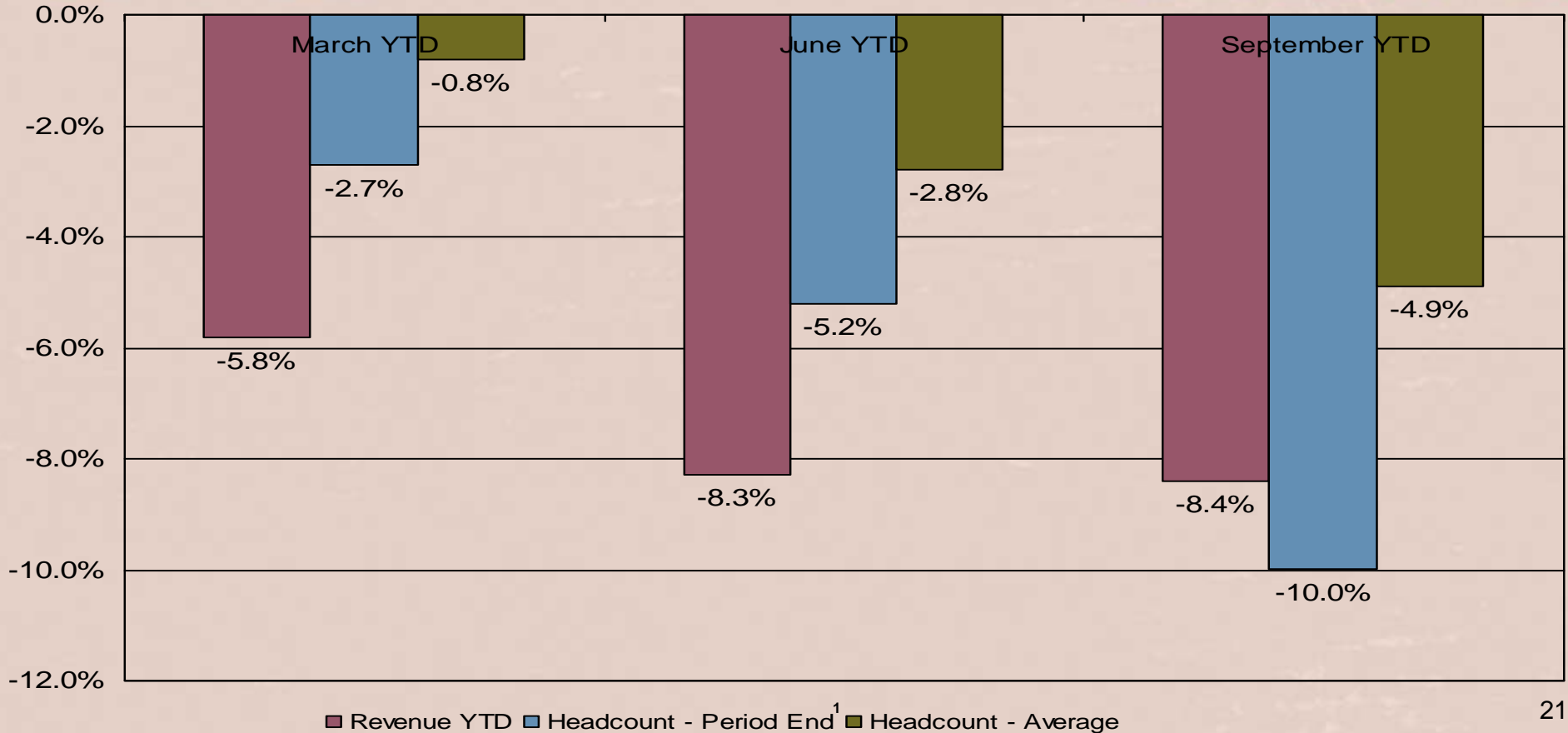
Outlook and Conclusions



# Outlook and Conclusions

## Revenue and Headcount now more balanced at end of Q3

Cumulative Organic Change – March, June & September 2009



<sup>1</sup>Headcount period end is end of quarter versus 31 December 2008

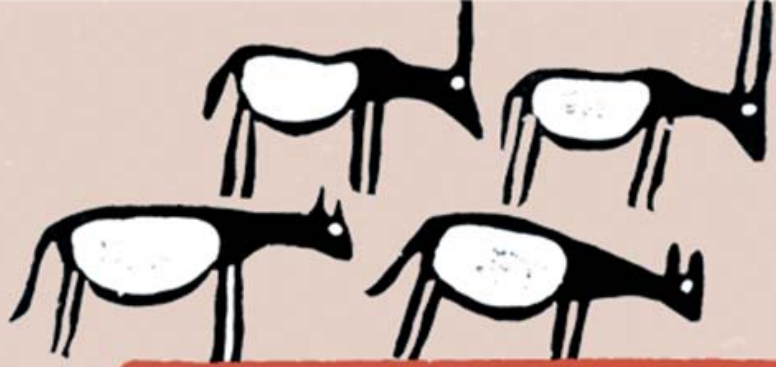
# Outlook and Conclusions

- ✿ Third quarter margin almost in line with same period last year.
- ✿ More staff reductions in Q4.
- ✿ Revenue continues to be “less worse”.
- ✿ Outlook in line with objective of flat proforma margins for H2 2009.
- ✿ Cash flow and NWC in line with Q3 YTD trends.

# Outlook and Conclusions

continued...

- ✿ GroupM forecast for 2010 shows modest 0.8% increase in global advertising.
- ✿ Western Europe and North America projected down with growth in other markets.
- ✿ WPP budgets similar – showing flat revenue with margins up over 100bps.
- ✿ Phasing has H1 slightly down with positive Q2.



# WPP

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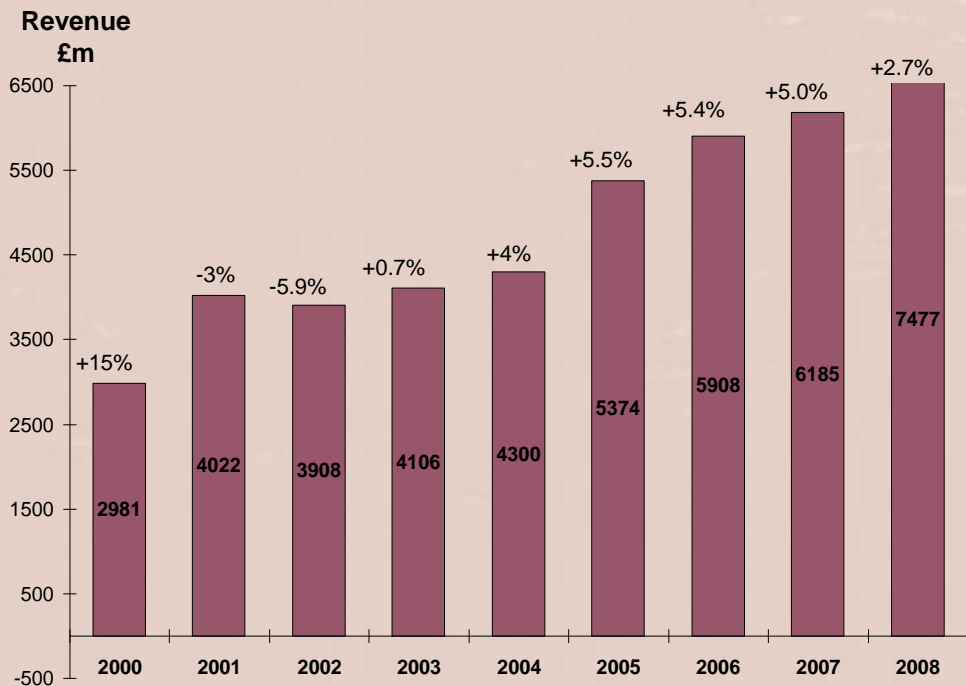
WPP Historical Background – Back up only



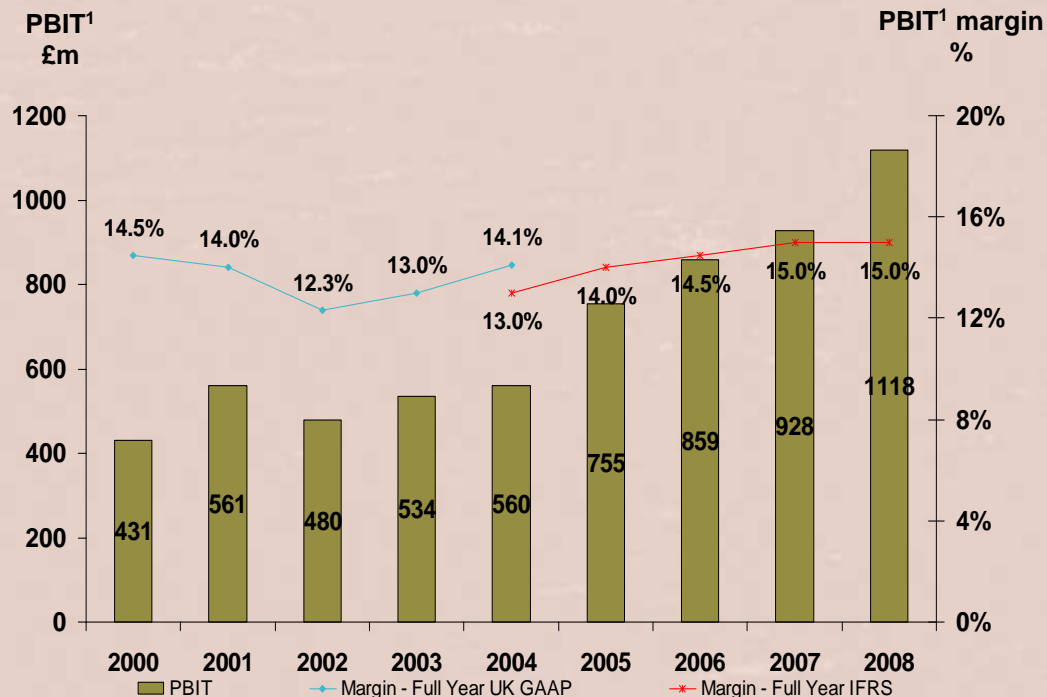
# WPP has shown strong growth

## Full Year Results

### Revenue and Organic Growth



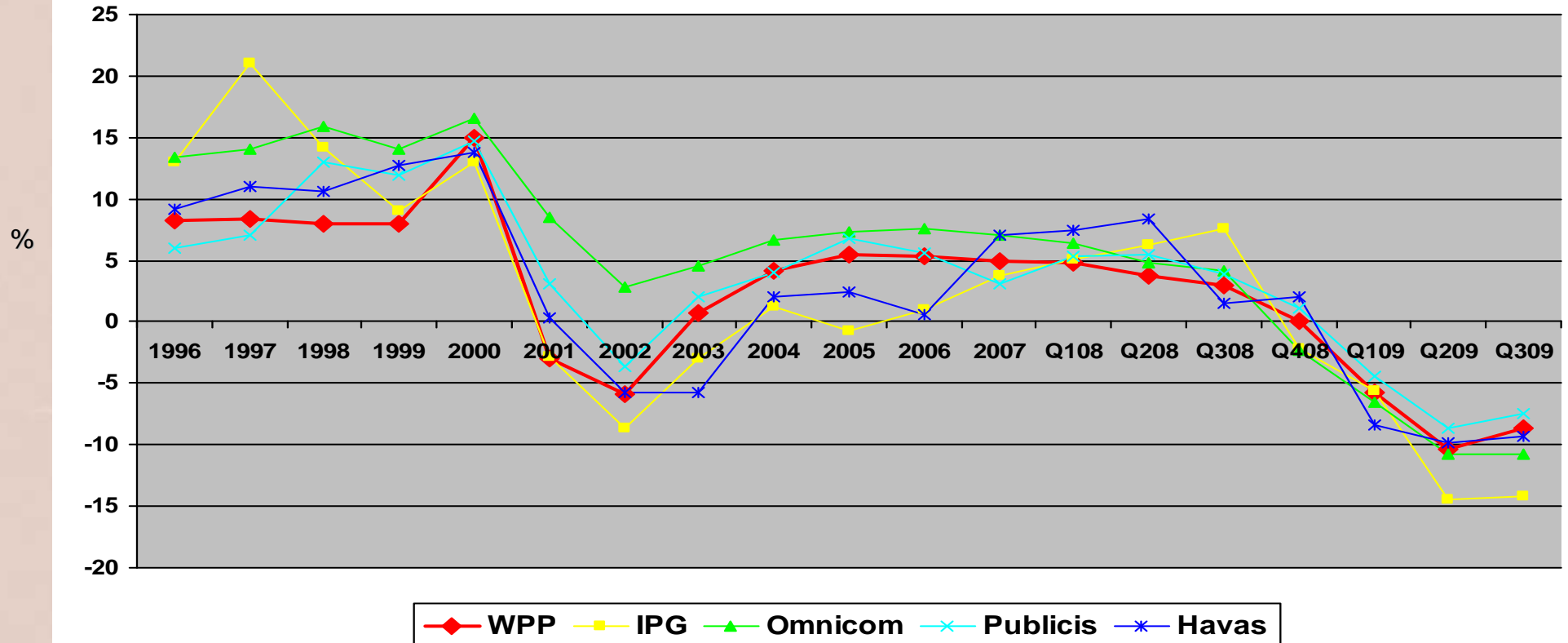
### PBIT<sup>1</sup> and Margins



Headline PBIT excludes finance income/costs, goodwill and intangibles charges, investment gains, and share of exceptional gains of associates. For 2004 onwards, Headline PBIT has been prepared under IFRS. 2003 and prior periods are in accordance with previous UK GAAP

# Organic Revenue Growth vs Peers

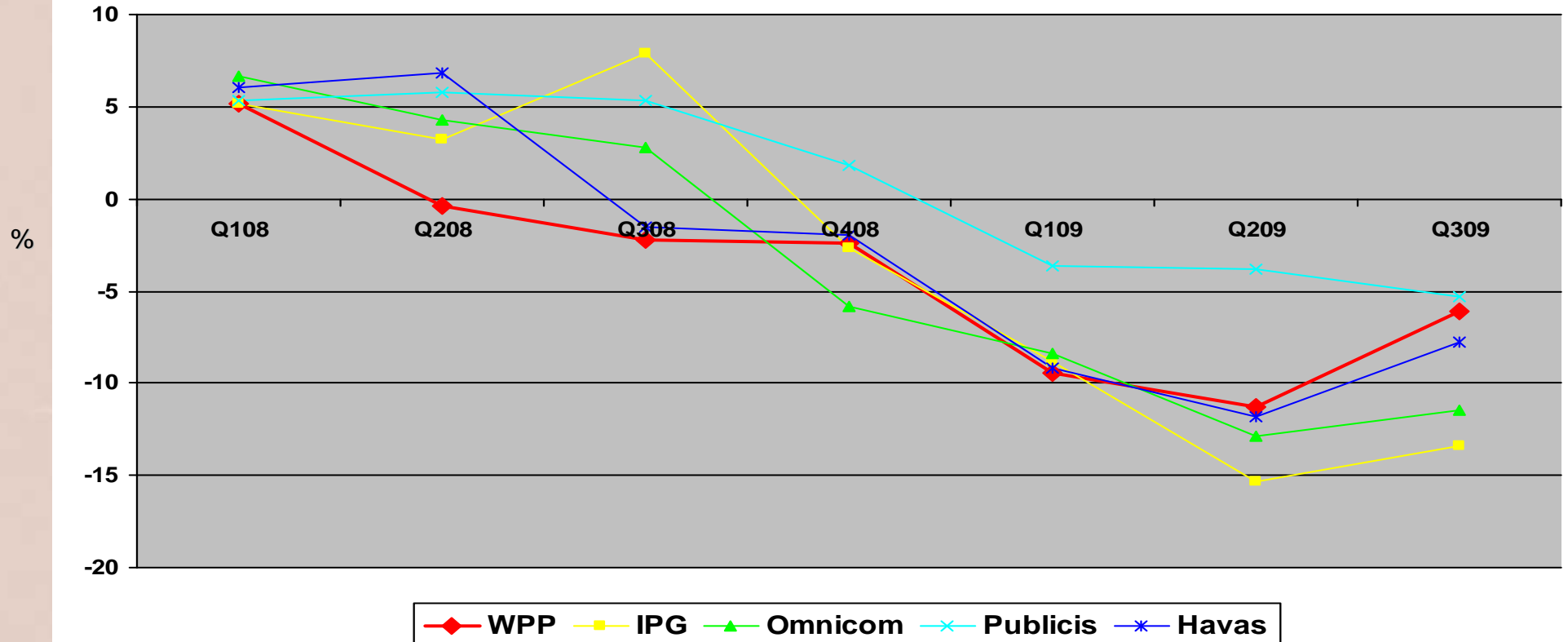
## Global



Source: Company presentations

# Organic Revenue Growth vs Peers

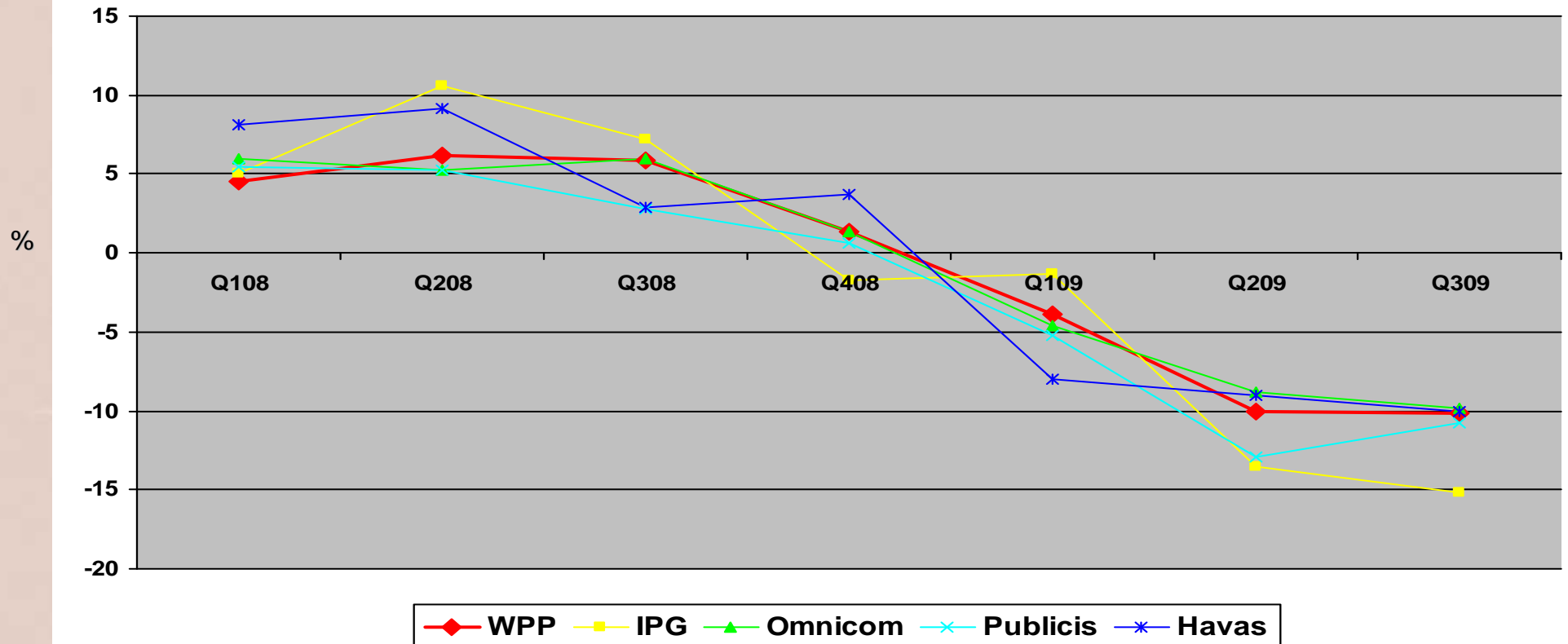
## USA



Source: Company presentations

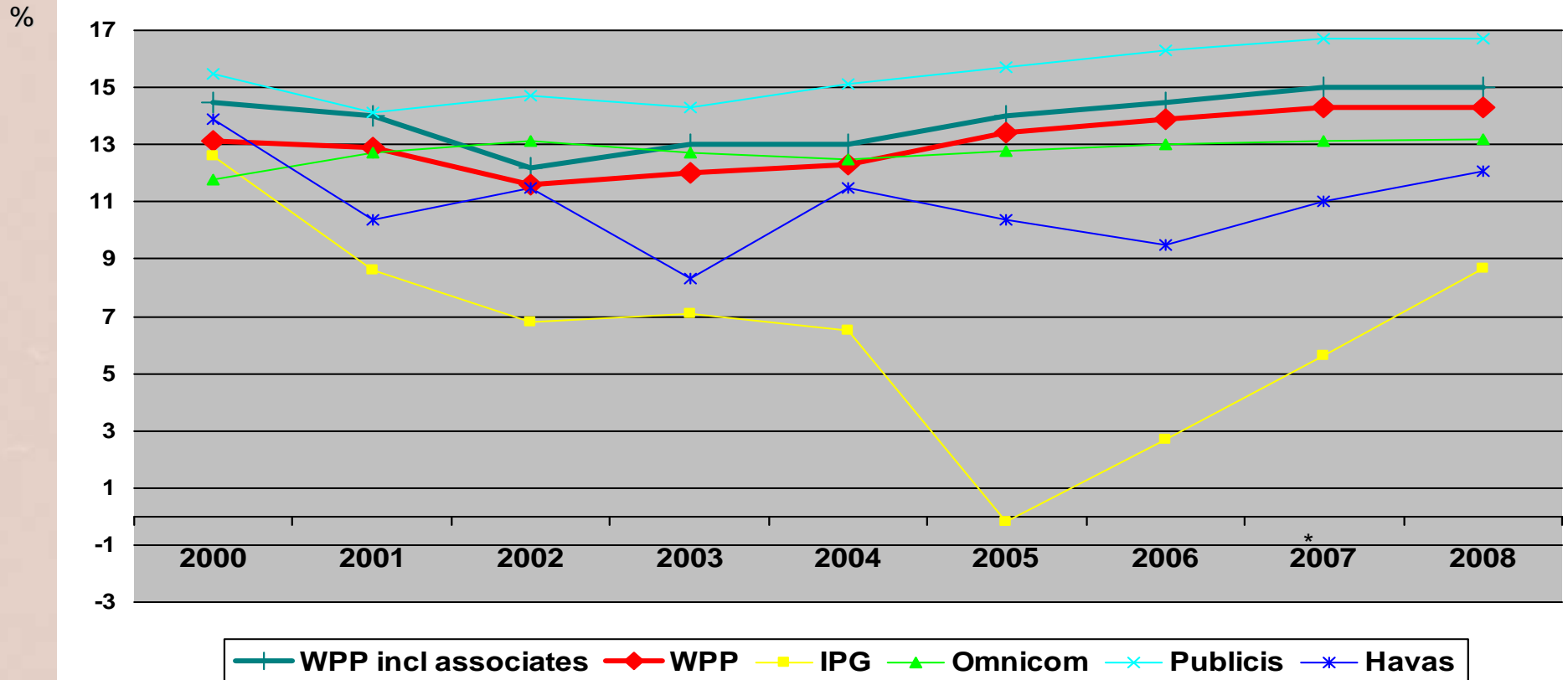
# Organic Revenue Growth vs Peers

## International



Source: Company presentations

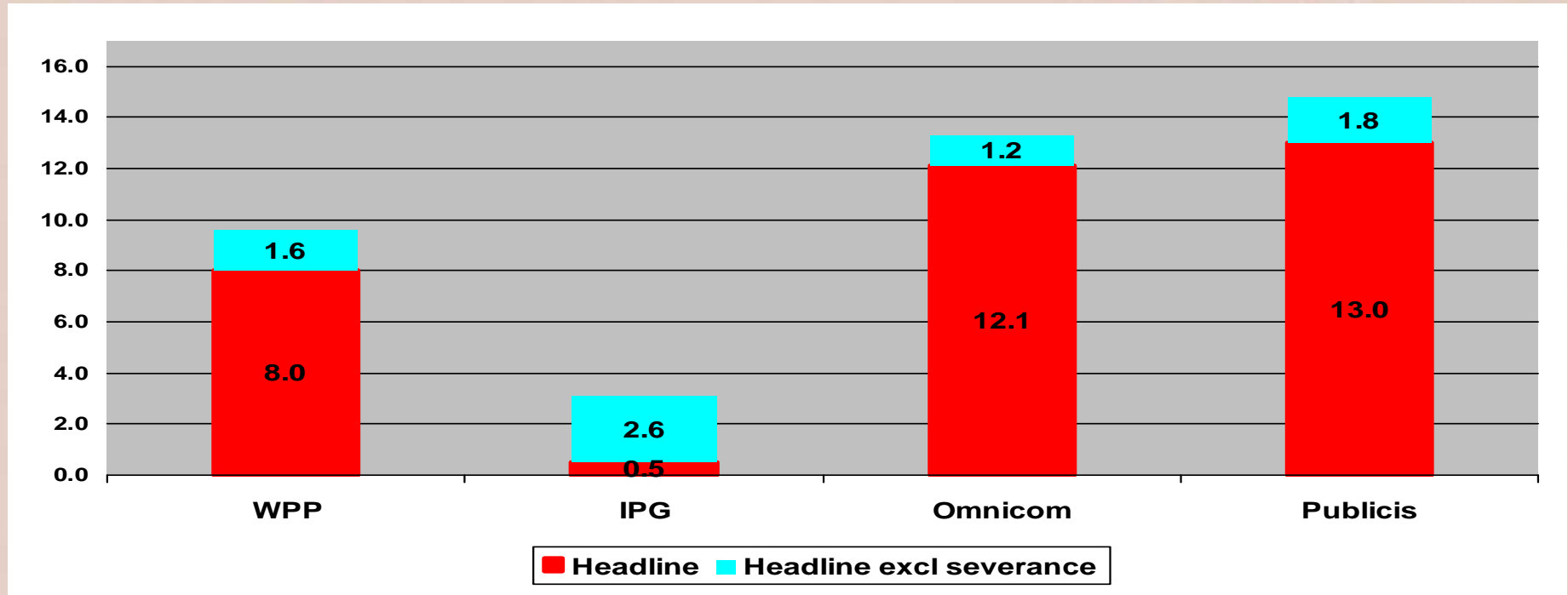
# Headline operating margins\* vs Peers



\*Pre Associate headline profit margin before interest, taxes and amortization expense

# 2009 H1 Headline operating margins\* vs Peers

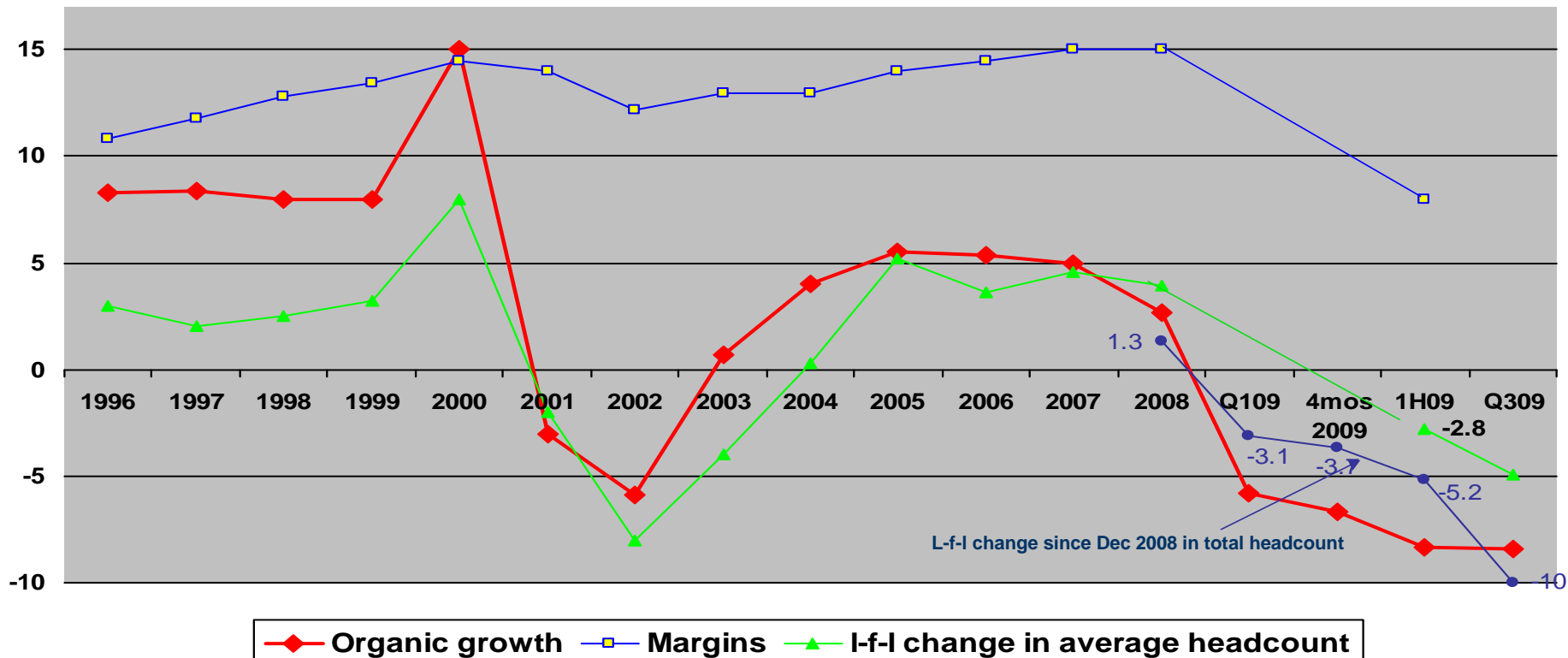
%



\*Pre Associate headline profit margin before interest, taxes and amortization expense

# Historical growth vs. cost structure

%



# Revenue by Discipline

## % Headline<sup>1</sup> Margin

	2004	2005	2006	2007	2008 FY	2008 H1	2009 H1
Advertising, Media Investment Management	14.9	15.5	15.8	16.3	17.5	15.9	10.2
Consumer Insight*	8.9	10.3	11.1	11.5	11.3	10.1	6.1
Public Relations & Public Affairs	13.1	14.1	15.0	16.6	16.6	16.1	11.6
Branding & Identity, Healthcare and Specialist Communications	12.5	13.6	14.1	14.2	12.6	10.7	5.4
<b>Total</b>	<b>13.0</b>	<b>14.0</b>	<b>14.5</b>	<b>15.0</b>	<b>15.0</b>	<b>13.6</b>	<b>8.0</b>

<sup>1</sup> Headline PBIT/ margin: profit before finance income/ costs, taxation, goodwill and intangibles charges, investment gains, and share of exceptional gains of associates.

\*Consumer Insight was previously reported as Information, Insight & Consultancy.

# Revenue by Region

## % Headline<sup>1</sup> Margin

	2004	2005	2006	2007	2008 FY	2008 H1	2009 H1
North America	15.2	16.6	17.0	17.3	15.8	15.8	9.6
UK	10.4	10.5	11.4	12.0	14.1	12.9	9.8
Western Continental Europe*	11.3	12.5	12.7	13.5	14.9	13.2	5.4*
Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe*	13.4	13.7	14.5	15.0	14.3	11.0	7.5*
<b>Total</b>	<b>13.0</b>	<b>14.0</b>	<b>14.5</b>	<b>15.0</b>	<b>15.0</b>	<b>13.6</b>	<b>8.0</b>

<sup>1</sup> Headline PBIT/ margin: profit before finance income/ costs, taxation, goodwill and intangibles charges, investment gains, and share of exceptional gains of associates.

\*The Group previously reported Continental Europe as a geographic segment. Western Continental Europe is now reported separately, with Central & Eastern Europe included with Asia Pacific, Latin America, Africa & Middle East.

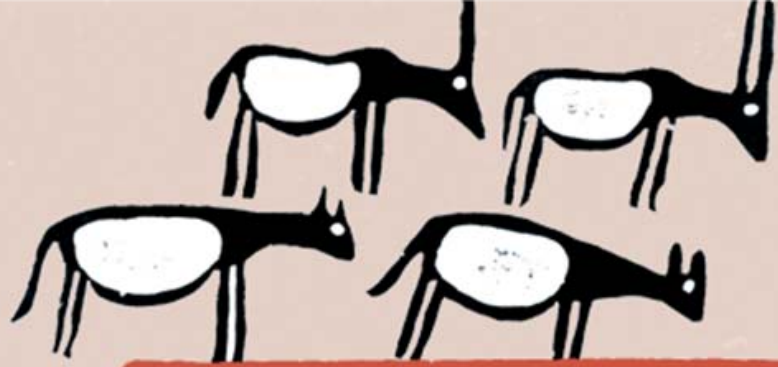
# Strong growth in cash generation

6 year history

£m	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Headline EBITDA	574	661	664	877	1002	1072	1291
Net Cash Generation	404	488	539	716	816	837	990
Capital Expenditure	101	94	96	171	185	171	212
Acquisition payments	281	355 <sup>2</sup>	209	508 <sup>1</sup>	216	675	1083
Share repurchases	76	23	89	152	258	415	112
Dividends	56	67	82	100	119	139	162
Other	46	99	23	(20)	(85)	(32)	
Net cash (outflow)/inflow before NWC changes	(64)	101	86	(195)	123	(531)	(579)
Cash Generation per share	35.5	42.6	44.2	58.5	65.7	68.2	84.6
'02 – '08 % CAGR							15.6
'02- '08 FD EPS CAGR							15.1

<sup>1</sup> 50% cash consideration for Grey of £244m

<sup>2</sup> Cordiant payment of £95m



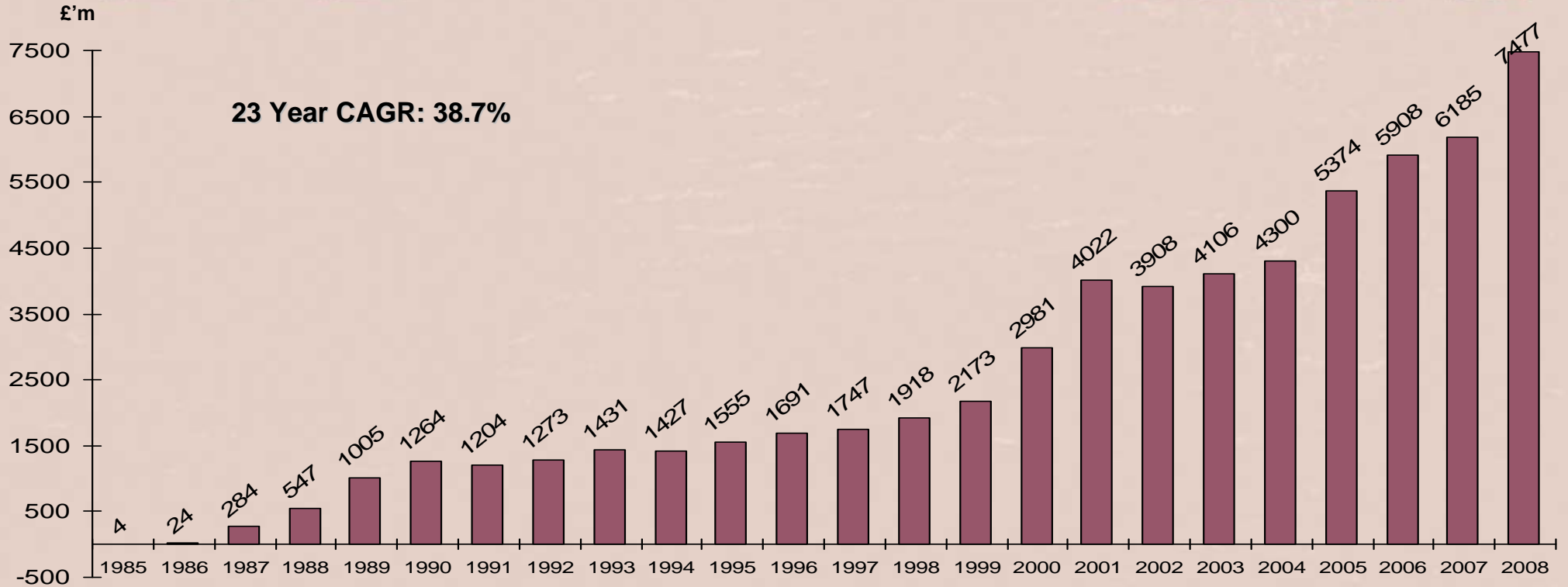
# WPP

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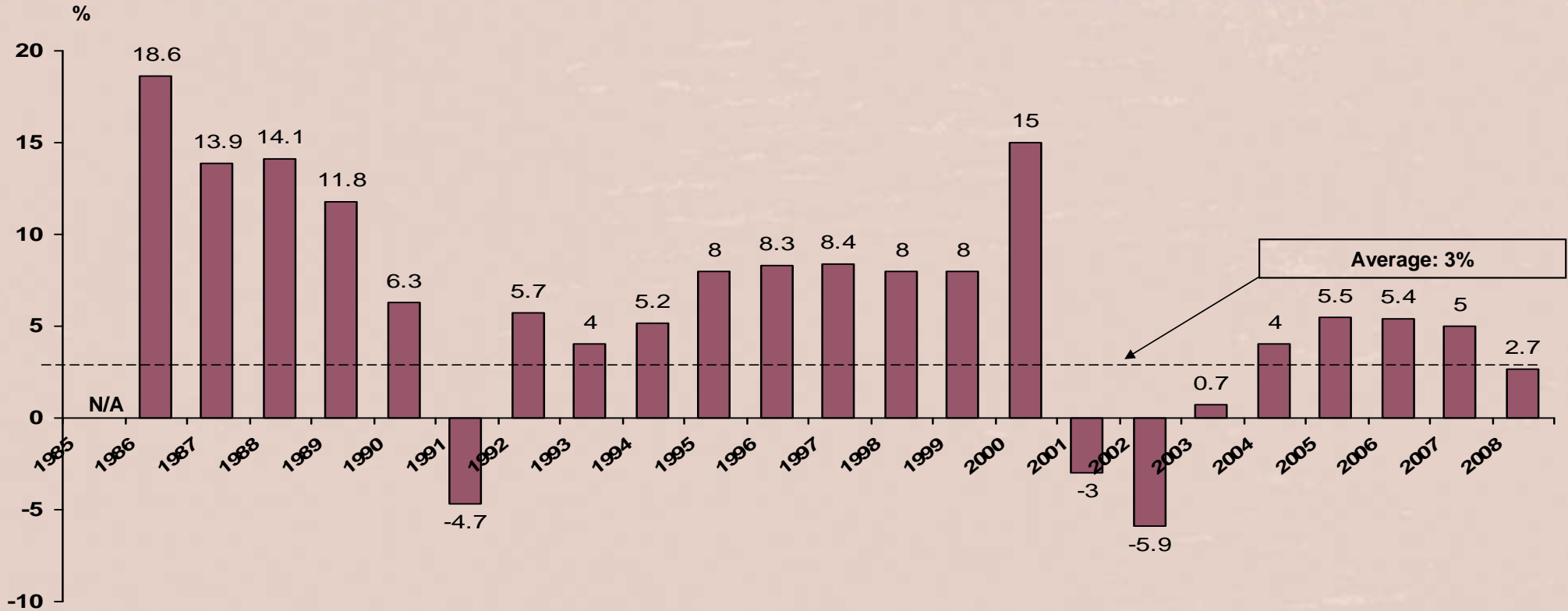
23 Year History – Backup only



# WPP Reported Revenue



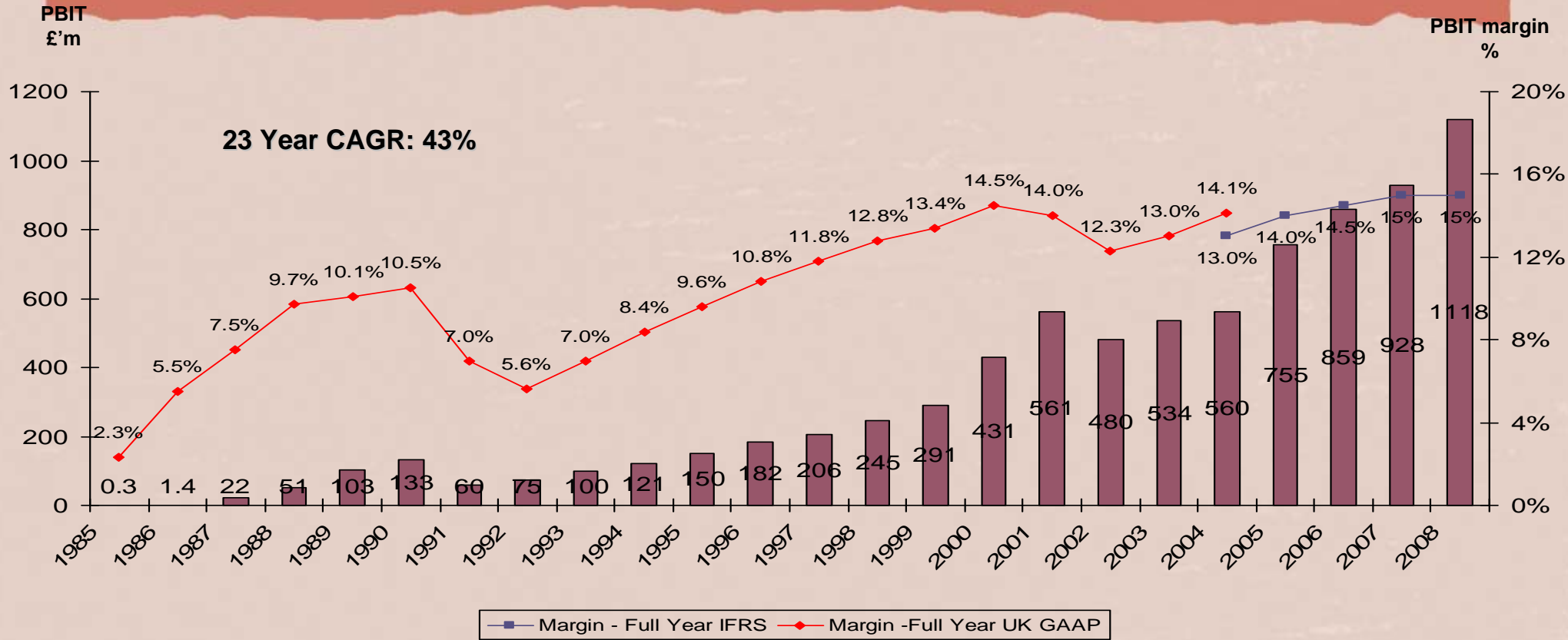
# WPP Organic Growth



Note

1. Estimates for 1985-1990

# WPP PBIT<sup>1</sup> and Margins

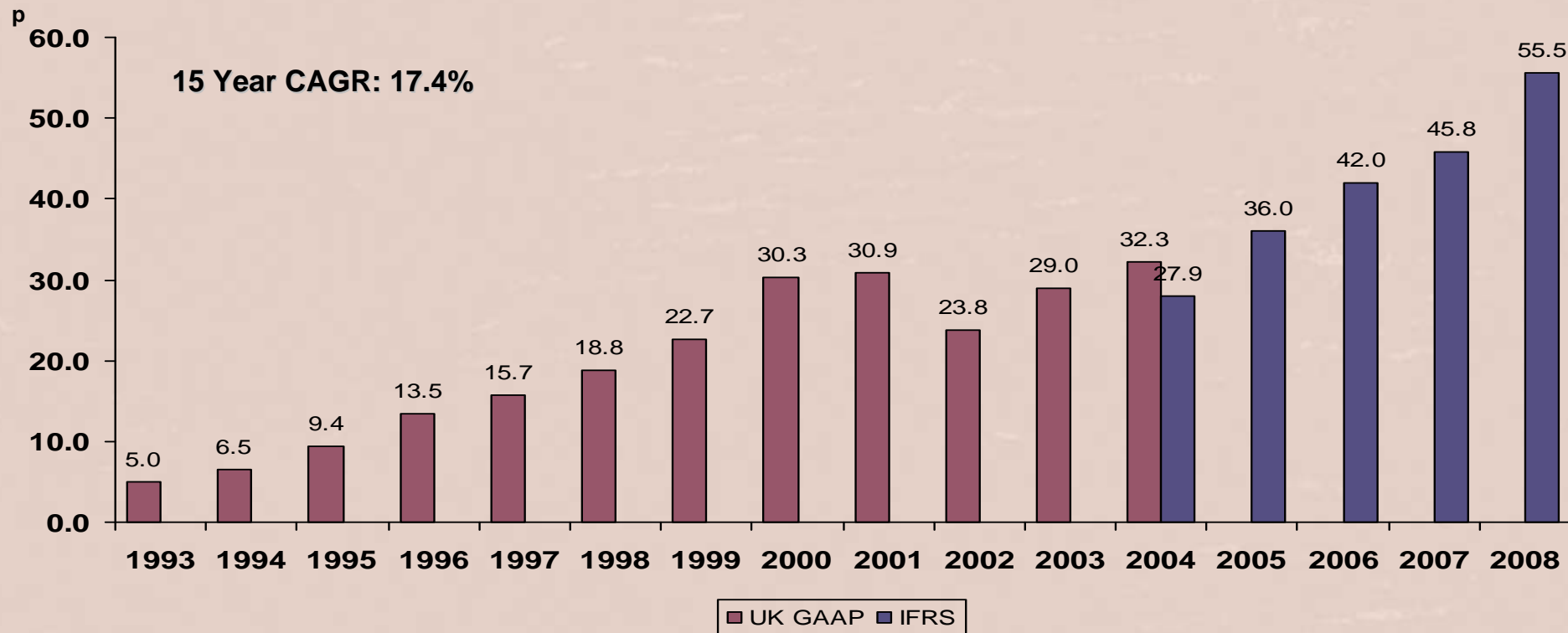


Note

1. Headline PBIT includes associates and excludes goodwill and intangible charges, investment gains, and share of exceptional gains of associates. For 2004 onwards, headline PBIT has been prepared under IFRS. 2003 and prior periods are in accordance with previous UK GAAP.

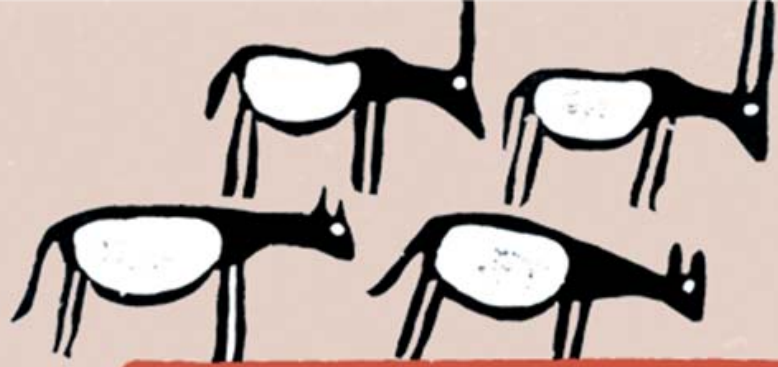
# WPP Fully Diluted Headline EPS

post rights issue



Note

1. 1993 adjusted to reflect rights issue. Diluted earnings and diluted headline EPS



# WPP

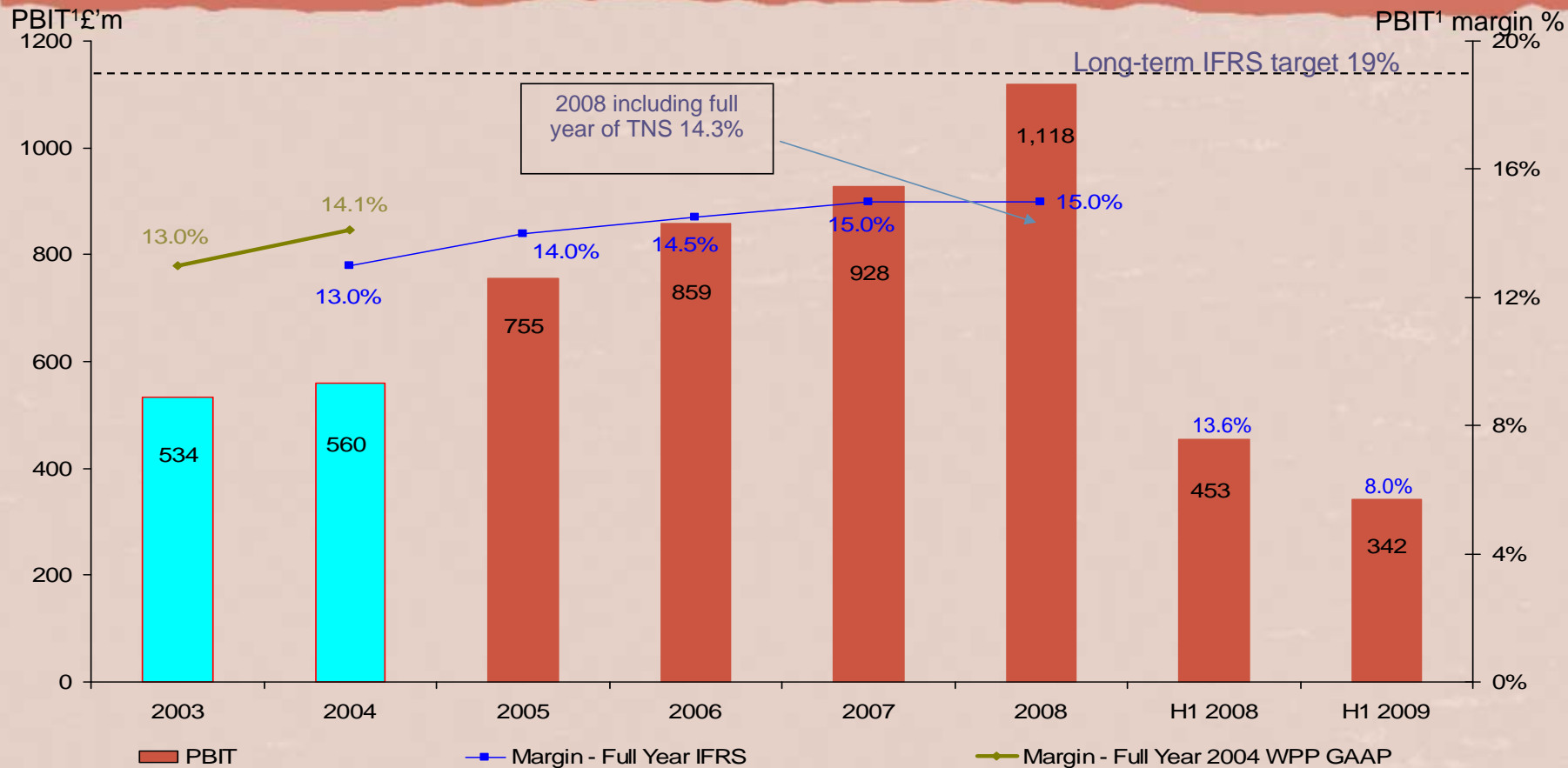


Backup only



# Key Priorities, Objectives and Strategy

## Historic headline PBIT<sup>1</sup> and margins



1. Headline PBIT excludes goodwill and intangibles charges, write offs of fixed asset investments and share of exceptional gains of associates. For 2004 onwards, Headline PBIT has been prepared under IFRS. 2003 and prior periods are in accordance with previous UK GAAP.

# Key Priorities, Objectives and Strategy

Flexibility in the cost base

Change in variable costs



# Key Priorities, Objectives and Strategy

Using Free Cash Flow to Enhance Share Owner Value

Dividends and Share Repurchases

✿ 2009 first interim dividend maintained at 5.19p per share.

✿ Distributions to share owners:

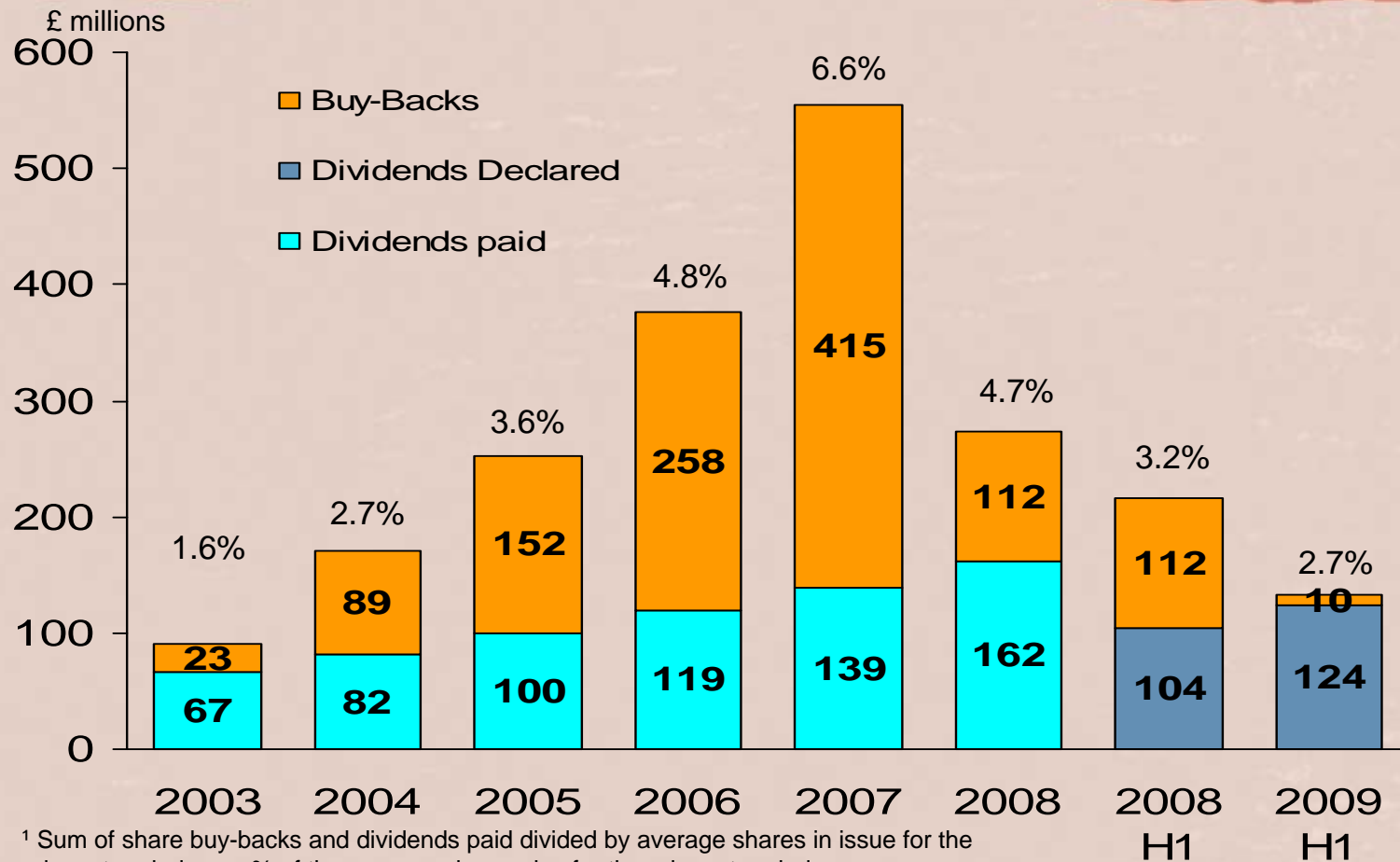
	<u>Dividends Paid</u>	<u>Share Repurchases</u>	
		<u>Amount</u>	<u>% of Share Base</u>
2000	£25.6m	£94.1m	1.3%
2001	£44.4m	£103.3m	1.4%
2002	£55.6m	£75.9m	1.1%
2003	£67.0m	£23.1m	0.5%
2004	£81.7m	£88.7m	1.4%
2005	£100.2m	£152.3m	2.1%
2006	£118.9m	£257.7m	3.1%
2007	£138.9m	£415.4m	4.7% <sup>1</sup>
2008	£161.8m	£112.2m	1.6%
2009 H1	-	£9.5m	0.2%
Total 2000-2009 H1	£794.1m	£1,332.2m	

<sup>1</sup> Of which 4.6% relates to share cancellations.

# Key Priorities, Objectives and Strategy

Using Free Cashflow to Enhance Share Owner Value

Distributions to Share owners<sup>1</sup>



<sup>1</sup> Sum of share buy-backs and dividends paid divided by average shares in issue for the relevant period, as a % of the average share price for the relevant period

# Key Priorities, Objectives and Strategy

Using Free Cashflow to Enhance Share Owner Value

Acquisitions

- ✿ Continue to focus on the faster growing geographical areas and marketing services, particularly direct, internet & interactive and consumer insight.
- ✿ Q3 ytd, 11 small and mid size acquisitions were completed in executing this strategy.
- ✿ Acquisitions in advertising are used to address specific client or local agency needs.
- ✿ We continue to find opportunities at earnings enhancing multiples, particularly outside the USA.

# Third Quarter 2009

## Acquisitions<sup>1</sup> and Investments – Year to Date

### Faster Growing Markets

H&K Feedback (Poland)  
Jupiter Drawing Room (S. Africa)  
MDS (China)  
Smart Media (Vietnam)  
Smollan Group (S. Africa)  
T&A (Vietnam)

### Quantitative and Digital

Danone CRM (France)  
H-art (Italy)  
Index Ventures<sup>2</sup> (UK)  
Omniure<sup>2</sup> (USA)  
Red Dot Square (UK, USA)  
Video Egg Series E<sup>2</sup> (USA)  
HOGARTH (UK)

CBC<sup>2</sup> (China)  
SAFFRON HILL (Singapore)  
ZAO Gallup<sup>2</sup> (Russia)

### Healthcare

Lob Conseils (France)

<sup>1</sup> Excludes equity step ups

<sup>2</sup> Investment

# Key Priorities, Objectives and Strategy

Improving the Creative Capabilities and Reputation of all our Businesses

- ✦ By placing greater emphasis on recruitment.
- ✦ By recognising creative success tangibly and intangibly.
- ✦ By acquiring highly regarded creative businesses.
- ✦ By placing greater emphasis on awards.
- ✦ 2<sup>nd</sup> as a Group at Cannes for the second year in succession, narrowing the gap to first place.