WPP 2019 Interim Results

Friday, 9th August 2019

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Overview

Mark Read

Chief Executive Officer, WPP

All right, and good morning. I'm sorry to interrupt your summer holidays, but welcome to the WPP 2019 Interim Results. I'll just do a brief introduction and then Paul will take us through the numbers, and we'll come back to give an update on strategy and we'll take questions afterwards. So, here's our obligatory safe harbour statement and, as I've said, I'll give a short introduction on where we are and how we are doing overall.

SLIDE 4

So, I think, that, you know, we set out the new strategy for WPP in December last year. We're now eight months into that and we see, you know, six months of good strategic progress in the business, you know? Our first half revenue less pass-through costs was down 2% and the second quarter was slightly more encouraging, slightly more encouraging than our own internal expectations, we have –2.8% in Q1, –1.4 in Q2. We do have encouraging areas of growth we'll point out in our media businesses, GroupM, particularly strong business with technology clients and in some of the faster growing markets like India and Brazil we've seen very strong performances in the first half of the year.

The US is our major area of focus. And again, our performance there, I'd say, is probably less bad is the description, we're making progress in the US with –8.8% in Q1 to –5.4% in Q2 and we're really focused there on leadership, structure, strategy, investing in creative talent and technology and the team there is really focused on wining new business.

Overall, I would say our clients are responding well to the new strategy. We've seen good retention in key clients. I think last year, from the beginning of the year through September, we did have some pressure on clients and this year we've seen strong client retention. We haven't really lost a major client during 2019 and we've had a solid string of new business wins, really from the beginning of the year. Pick out L'Oréal in the UK, where we retained the media business with an expanded remit and eBay, where we had some business in Europe and then we won their business globally, and Instagram where Ogilvy was appointed the creative agency of record. So good both client retention and new business wins.

We set out two things to do, really, to do with the strategy. One, to return the business to growth and secondly, reduce our leverage through a sale of a majority stake in Kantar and the transaction with Bain Capital, where we'll reduce our stake in Kantar from 100% to 40% really simplifies WPP and makes great strides in reducing our leverage. Since April last year, we've raised £3.6 billion in disposals, 1.1 billion through mainly Associates and from the balance sheet with £2.5 billion in Kantar. So we've made significant progress. When the Kantar transaction is complete, our leverage for next year will be at the bottom end of the range that we set out in December. We're making good progress in new hires with more to come.

So it leaves us really, this year with leaving our guidance unchanged. I'd say, and I'm sure we will debate this in the Q&A, I think the way to think about it is we have greater confidence at this point in meeting the full year numbers. You know, there are macro issues on the horizon. I'd say, you know, not to alarm anyone, we haven't seen any impact of those in the business, but we are rightly cautious about the full year. So I think where we are today, leaving the guidance for the year unchanged and we can discuss that later.

So Paul would take us through, kind of, the numbers in detail and then I'll come back at the end with an update on the more strategic issues and then we can take some questions. Paul.

Financial Outlook

Paul Richardson

Group Finance Director, WPP

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Okay, thank you, Mark. So, the 2019 Interim Results. In the first half, our like-for-like or organic revenue, less pass-through costs was down 2%. In the second quarter, like-for-like revenue less pass-through costs was down 1.4%, an improvement on the first quarter decline of 2.8%. The quarter two like-for-like revenue less pass-through costs improved significantly in North America, as Mark mentioned, –5.3 in Q2, versus 8.5 negative in Q1. And in the UK, we saw a return to growth, where we were down 0.9% in Q1 to growing +1.3% in Q2. In Western continental Europe, we improved slightly in the second quarter, the like-for-like revenue less pass-through costs were basically flat. They were down 0.3% in quarter one. We saw good growth in the quarter, particularly coming through in Belgium, France, Italy and Turkey performed well and actually grew double digits in both Turkey and Belgium in this quarter. Germany, however, was slower.

In Asia–Pacific, Latin America, Africa and Middle East and Central and Eastern Europe, our strongest performing region, like-for-like revenue less pass-through costs was up 1.2% in Q2, compared to +2.3% in Q1. Improvements in the second quarter came through Latin America, Africa and Middle East and Central and Eastern Europe offset by slower growth in the Asia–Pacific region.

The first half operating margin of 11.9%, was down 1.2 margin points on a like-for-like basis reflecting revenue less pass-through costs trend in the first half. The IFRS 16 which we have adopted from the 1st of January 2019 will generate a half margin point in the full year and at the half year and that is – when you take that into account, we have a reported margin decline of 0.8% margin points.

Average net debt at GBP 4.384 billion, was down GBP 595 million on a reported basis, but on a constant currency basis, was down £709 million YoY and that been supported by the disposal programme in the last 18 months.

SLIDE 7

If I turn now to the statutory income statement, you can see on the revenues, on a constant currency basis, were flat, but on a reported basis, currency benefitted the Group by 1.6%. At the operating profit level with £673 million down 21% on a constant currency basis compared

to a year ago. Similarly, at the PBIT level, at £681 million, we're down £170 million from a year ago or 20.9%.

The difference between the decline at the PBIT level of around 20% and the decline of 44% in the profit before tax level, is explained by two items. First was in 2018, we had a significant exceptional gain on the sale of Globant and a very small exceptional loss this year. The net impact of the two years is –£170 million on the 2019 numbers and there's a change in terms of how we revalued financial instruments in 2019: there's a charge to the P&L and, in 2018, there's a benefit P&L. The net impact of that was 138 million. Those two items alone account for £255 million of the impact YoY between 2018 and 2019, explains fully the difference between the 20% decline at the PBIT level and the 44% decline of PBT level.

Tax rate last year again was benign. There was no tax payable on certain of exceptional gains and so we had a recorded rate of 16.17% whereas this 26.9 is more similar tax we incurred and applied this year in 2019. So profits after tax at 349 were down 51% compared to a year ago and the earnings per share of 24.8 was down 54% compared to 53.40 a year ago.

SLIDE 8

Turning now to the headline results, or the summary of the headline results for the year. Revenues was basically up 1.6% for the quarter, as I mentioned before, but on like-for-like basis, were down 0.6%. Revenue less pass-through costs was flat on a reported basis, so exactly the same number £6.149 million, so were down 2% in the first half.

EBITDA at £875 million was down 8.9% and operating profit was down 8% at £730 million. The operating margin on a reported basis, which includes the benefit at the operating profit level in the first half of '19 of 0.5 margin points, down overall 0.8 compared to last year, from 12.7% to 11.9%. If you strip out the effect of IFRS 16, we are down on a like-for-like basis on margins 1.2 margin points.

Tax rates on a headline basis was both similar last year, at 22.8% compared to 22.5% and diluted earnings per share at 34.2p was down from 42.6p last year. Dividend at the interim level has remained flat from last year at 22.7p and has a 66% pay-out ratio on the first half profits.

Average net debt, whilst it has come down significantly, the ratio over the last 12 months, the rolling average net debt to EBITDA, has remained consistent with a year ago at 2.1x.

SLIDE 9

So, turning now to revenue growth and the composition in the first half, you can see really acquisitions have been quite modest, adding 0.4% to the revenue less pass-through costs, foreign exchange was beneficial by 1.6% and the like-for-like, as I mentioned, is down 2%. The net-net on a reported basis, revenue less pass-through costs growth at the half year was zero.

SLIDE 10

Looking at foreign exchange and making an assumption using the 31st of July foreign exchange rates for the balance of the year, which is £/$1.22 and £/€1.10, it looks as though we could have a foreign exchange benefit of around 4% in the second half of the year.

Having had a benefit of 1.6% in the first half, with this benefit coming through in the second half, on a full year basis, it looks as though we'll have a benefit on foreign exchange around 2.8% actually negating the headwinds that we saw last year of –2.8% due to foreign exchange.

SLIDE 11

So, turning now to revenues by regions. Again, nothing has changed in the way we are reporting our geography, of our revenue less pass-through costs. So, North America remains our biggest region, representing 35% of the business which is still in decline, as Mark has mentioned. So on a like-for-like basis, the first half decline in North America was –6.9% and as we noted in the statement, quarter one was down 8.5% and quarter two was down 5.3%.

All our other regions were either flat or growing. In the UK which is around 13.5% of our business, we saw first half growth on a like-for-like basis of plus 0.2%, having been down 0.9 in the first quarter, growing at 1.3% in quarter two.

In Western continental Europe, it's 21% of our business, basically down 0.1% in the first half, having been down 0.3% in Q1, was flat in the second quarter. And likewise, Asia-Pacific, Latin America, Africa, Middle East and Eastern Europe, representing 30% of our business, was growing at 1.7% for the half year, having grown at 2.3% in Q1, growing at 1.2% in Q2.

SLIDE 12

If we now look at the seven regions or sub-regions we've broken out for you, you can see, basically, an improvement in trend in six or so of the sub-regions coming through in the second quarter. I won't go through them all, but there is the detail, if you can see the slides in front of you. We've broken out the Asia-Pacific, Latin America, Africa and the Middle East regions to the component elements and a very strong performance coming through in Latin America, as you continue to see. But overall, if you take the first half collectively, mature markets in our definition are down 3.6% and the faster growth markets are growing at 1.7%, netting to an overall decline of 2% in the first half.

SLIDE 13

Turning now to some specific markets. I just will give you some of the history of how 2018 performed, to give you some colour in 2019. So, 2018 was a tough year in the USA for us and I'll run through the quarterly trends in '18 to give you a sense of it. For quarter one last year we were down 2.2%, in quarter two we were down 3.3%, in quarter three and quarter four we were down over 5%. So, the full year last year, we were down 4.2%. We did have a tough quarter one of –8.8% and a modest improvement coming through in the second quarter at –5.4%; and growth coming through our global integrated agencies and our data investment management business in quarter two helping produce that performance.

In the UK, it was again a mixed year last year, with growth in quarter one and quarter two of around 1.5%, but declines in the UK of around 2.5% in quarter three and quarter four. Overall, UK last year was down 0.5%. We saw a decline in the first quarter at –0.9%, but a positive growth of 1.3% in quarter two, leading to broadly flat or +0.2% at the half year.

In Germany, again quite a volatile market last year and again I'll go through it. For quarter one last year, we were –5.7% and quarter two we were up 5.5%, so flat in the first half last year. And the second quarter decline this year of –5% did have a tough comparison last

year, but was in part down to weakness in our global integrated agencies and our specialist PR businesses in Germany in the second quarter, which were lacking quite the significant success we achieved last year in 2018. We are still expecting a broadly flat performance for Germany overall and hope to see improvements coming through in quarter three and quarter four.

Greater China, I'll refer to the next slide when I talk about both mainland and Greater China and in France, again, we saw an improvement in trend, having been down 1.5% in quarter one, growing to 0.9% in quarter two.

SLIDE 14

So, China is another market that has been volatile for us and our performance over the period. So, last year just on mainland China itself, we grew 3.6% in quarter one and 9% in quarter two and part of the reason why we're down 10% in quarter two this year was a very tough comparison with China second quarter growth of 9% last year. So, overall, we're down 2.8% at the half year in mainland China. We are hoping for that to improve and the July numbers that have come in, have been on forecast with that improvement coming through in mainland China for the second half. We know there are concerns. A number of our competitors have had a tough time in China and we have a very strong market position and well-led agencies and as you'll see later, a number of China media wins coming through in the first half this year that should have some impact.

Brazil and India have both been stellar for us, to be quite frank with you. They had good growth, mid-single digits last year between 5.5 to 5.6%, are both growing double digits in the first half. We expect to have a strong year in Brazil and India on a full year 2019. and Russia has picked up in the second quarter to be growing at 5% this year and hope to have a good year, full year 2019.

SLIDE 15

So, turning now to the new sectors. We announced earlier this week on the 5th of August a recut of our revenue less pass-through costs that better reflects the business and just to remind you which agency sits within each of the sectors. So, in global integrated agencies, which represent 63% of the business now, we include all of the Ogilvy businesses where previously parts of Ogilvy, such as Ogilvy Public Relations was in public relations business and Ogilvy One was in the specialists businesses. But now, all of Ogilvy combined under one Ogilvy mantra, is in the global integrated agencies sector. VML and Y&R which is now combined, are now all moved up into the global integrated agencies business, whereas VML before was in the specialist businesses. Likewise, Wunderman Thompson is combined and sits now within the global integrated agencies. Grey, GroupM and now Hogarth, where part of it was in specialists before, is now also combined within the global integrated agencies. So, that is the largest sector we have.

The second sector, the data investment management, which is the Kantar business, which is 15% of the Group. Public relations and public affairs, as it used to be called is now public relations. It's very similar apart from it doesn't include Ogilvy PR.

And, finally, specialist agencies. We have the more specialist agencies by region or by range of services, these include brands such as AKQA, GTB, the Ford specialist agency we have,

Health & Wellness outside USA, Geometry, our brand consulting businesses, other specialist businesses, the old WPP digital agencies and some independent advertising units. That, in total, represents 15% of the Group.

So, with that new split, and again, there was a release on Monday with the history of 2018 by quarter posted on our website for revenues and revenue less pass-through costs.

Our global integrated agencies, the half year decline was 1.8%, but in quarter one the decline was 3.4% and in quarter two the decline was only 0.3%. So, some improvement coming through the global integrated agencies, both in USA and international.

In data investment management, we grew 0.4% in the half year, having grown 0.2% in quarter one, growing 0.5% in quarter two. In public relations and public affairs, it was down 1.5% in quarter one, having been down 0.4% in the first quarter and –2.6% in the second quarter which did lap a very strong comparative last year, where growth in this category in the sector in quarter two last was 8.5%. So, overall, public relations in the first half is down 1.5%.

The specialist agencies which is our weakest performing category at the moment, which does include the GTB agency and the loss of the Ford Omnichannel work, is down 5.7% in the first half and actually had a slightly worse performance in quarter two, where it was down 7% compared to down 4% in quarter one. So, overall, the business down 2.8% in Q1, down 1.4% in Q2.

SLIDE 16

So, turning now to the geographies. Again, the pattern of the margins really follows the pattern of the revenues. So those regions where revenues have declined the most severely have seen the most margin impact. So North America which did see net sales or revenue less pass-through costs down 6.9% did see a margin decline from 15.9% to 14%. UK was broadly flat on performance and flat on margins, declining from 12.9% to 12.8%. Western continental Europe, again, is broadly flat on margins declining from 9.3% to 9.1% and Asia-Pacific, Latin America, Africa and the Middle East, whilst it did see some strong revenue growth, did have a mix on the margin is down half a margin point from 11.5 to 11.0. So this is the difference on a reported basis of –0.8 broken out by regions for you from a 12.7% last year to 11.9% this year.

SLIDE 17

And when I do the same by sector, again, the pattern is similar. So, those sectors suffering the most on the net sales decline, will see the biggest margin fall. Global integrated agencies, the overall margins were broadly the same, moving from 12.6% to 12.2%. Data investment management actually is down one margin point, that is fully accounted for by higher level of incentive this year in the first half, whereas on a pre-incentive basis margins are similar, very similar to the last year. In public relations, a good margins business overall, down from 16% to 15.7% and the specialist agencies where the net sales were down 5.7% has seen some margin decline across a number of our businesses, with margins down from 12.7% to 9.7% in those agencies.

SLIDE 18

So, turning now to trade estimates of new business won and lost in the first half this year. Under our own calculations of billings won and lost, we won approximately $2.9 billion which those that follow up know is a good rate at $1.5 billion per quarter and around $3 billion in the half year. So, what is pleasing here, you can see a number of wins coming through in the second quarter. Those that are shaded. So there are four wins that are coming through in the second quarter and, actually, three media wins coming through in Asia, two in China and one in India, coming through. And our major, our largest creative win was coming through from Wunderman Thompson in Duracell, one in Q2 in the international business.

SLIDE 19

If I turn the page with further wins, we see three global creative wins coming through. A team WPP for Distell, the global win for Grey on Nokia business and the global win for Ogilvy on the Instagram business, in addition to other China and other media wins coming through the business.

SLIDE 20

In terms of losses, they actually have been modest. One was a switch from Wavemaker to Essence of the L'Oréal business in UK and China and one was an outright loss of the NBC entertainment business in the USA.

SLIDE 21

If I look at the trade publications since the 1st of July, there's been again one switch of business of Allergan from MediaCom to Mindshare and one outright win of business, although we did have some of the eBay business before, we've now picked up the North America and China business in MediaCom on media buying.

SLIDE 22

So, turning now to cashflow, and again, just to remind you, the cashflow does include the effects of IFRS 16 this half year, where it wasn't there last half year. So, in the depreciation/amortisation charges which is a credit back to the cash generation at operating profit level, it is now £360 million. You can see the traditional or the more traditional depreciation/amortisation flowing through of around £200 million through the P&L, In the first half of this year it was a credit of £192 to the cashflow. And then in addition, the depreciation of right to use assets of £168 million coming in in depreciation, in the numbers reversing the cashflow.

Lease payments, likewise, are pretty much the reverse of that, so they are an outflow of £156 million in the first half. The other items in the cashflow are consistent with prior years, pretty much in scale and in nature. The only item I'd draw your attention to down the bottom is last year, the other items and it's partly the explanation for why the profits are different. So again, in the cashflow, you have to remove the exceptional gains you achieve in any one year, and in '18 there was a significant exceptional gain, and then you have to add back the dividends you received from associates and dividends you've paid to minorities. In total last year, that was an outflow of £231 million, in total this year it's an outflow of £83 million. So net-net, free cashflow before working capital divisions was generating £266 million and last year £347 million.

SLIDE 23

So working capital is the measurement of the position from the 31st of December to the 30th of June and in our industry, as you'll see in the seasonal nature of the industry, we traditionally have an outflow of working capital in the first half and a significant generation of working capital in the second half. So the outflow was a little bit larger in trade working capital in the first half; in part, that's because we had a very strong balance sheet position at 31st of December, £200 million better than the year before. So part of that reason why working capital outflow in trade at £100 million higher was because we had such a good year end in December '18, but non-trade items is really the reversal of the bonus provision that gets paid out in cash in the first half of this year, and in our case we had a VAT receivable that was quite late in collection from one of the governments overseas that did have an impact in the YoY numbers on the non-trade.

Turning now to the uses of our free cash generation; in terms of disposal proceeds, we generated £304 million in the first half, and new payments for acquisitions was £26 million, so net-net an increase of £278 million. There were no share buy-backs in the first half and our dividends are in November for the interim and July the following year for the final. So in the first half, there's no dividends paid. So net-net it's consistent with last year, there was an outflow in the first half '19 it was £235 million; in the first half '18 it was £62 million.

SLIDE 24

Again, just a summary of the disposal proceeds. If you recall, we had a freehold property which we actually acquired when we acquired Y&R. We moved it - the freehold to 3 Columbus Circle. We disposed of that and entered into a 15-year lease and generated £159 million of proceeds. Other disposals in total in the first half generated £145 million, totalling £304 million in the first half.

SLIDE 25

Here's the summary of both the investments and associates subsidiaries that we have disposed of in the last 18 months are around £1 billion but are fairly modest contribution PBIT being forgone of around £17 million. So a good generation of cash with a modest decline in the earnings consequence.

SLIDE 26

So turning now to the half year. As I mentioned before, on a reported basis, the average net debt for the six months ending 30th of June on a reportable basis was an improvement of £595 million at £4.3 billion; on a constant currency basis, it was £709 million. The point-to-point on the 30th of June, it wasn't particularly helpful, it further weakened. And there were a few payments that came in early July, it was £471 million better than the year ago. Interest cover remained strong. EBITDA, as mentioned here, is using the conservative number and our rolling average net debt to headline EBITDA has remained consistent compared to a year ago, at 2.1x.

SLIDE 27

So in terms of our uses of cashflow, our goal or our guidance is to generate from disposals that which we spend on acquisitions, circa £200 million a year. So far, we have generated £304 million from disposals and only spent £26 million. We have stopped share buybacks

until the leverage reduces to back within our range. And in terms of facilities, we have around £3.6 billion of undrawn facilities & surplus cash on the balance sheet.

SLIDE 28

So in terms of balance sheets, again, a chart you are all familiar with. A very staggered maturity profile of bonds out there, the average weighted of maturity is 7.1 years and average coupon around 2.7%, and we have recently refinanced our bank revolver of £2.5 billion to March 2024. And on the balance sheet at the half year was around £1.8 billion cash in overseas and international locations.

SLIDE 29

I'll give you a further update on IFRS 16, I'm sure you're fed up with hearing from me on this. It is primarily for us for our real estate; all leases go on our balance sheets, except short-term and low value leases. And you'll see in our balance sheet on the 30th of June, assets for the right of use of £1.8 billion and lease liabilities discounted of £2.3 billion. As I mentioned, there's a higher total expense in the earlier part of leases.

SLIDE 30

We do have a number of long term leases, but we did give you an indication of what the impact would be on the first half six months ago and this is the sort of mathematics of how it's working through in our numbers in the first half 2019. So the middle column is really the reported headline EBITDA of £875 million. As we mentioned before, we get a benefit to operating profit, and you can see a £34 million benefit in the first half, which is 0.5 margin point, which improves our non-GAAP margin from 11.4% to the GAAP margin of 11.9%. However, there are additional interest costs coming through the P&L. You can see that in the finance charges line, which again on the underlying basis: non-IFRS 16 would be £97 million, with the IFRS 16 impact it's an extra £49 million. Total for this year is £146 million.

The net impact on this is 0.8p reduction earnings in the first half. You can basically double these numbers and have the 1.60p negative impact we are expecting on the full year '19 as a result of the implementation; and that compares to where we were on the right-hand side in 2018.

SLIDE 31

On Kantar, I think we have successfully executed a very complex transaction which aids simplification and de-leveraging of the balance sheet of the group going forward. Net proceeds is again, as we announced, circa £3.1 billion available. The first completion of at least 86% of proceeds are expected by early 2020 and the subsequent completion, the remainder of the proceeds are expected be within 12 months of the announcement, which is on the 12th of July 2019.

This should take leverage to the low end of our target range well ahead of our plan, with circa 60% of proceeds used, or £1.9 billion used to reduce debt. The other 40% of proceeds are circa $1.2 billion to be returned to shareholders is expected to minimise earnings dilution. Potential value upside for our shareholders through the retained 40% equity stake in the venture going forward.

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And finally, in terms of the outlook, as Mark has mentioned, it remains the same as at the start of the year. So like-for-like revenue less pass-through costs of down between 1.5% to 2.0% and headline operating margin down around 1.0 margin point on a constant currency basis, excluding the impact of IFRS 16, which should benefit us by 0.5 margin points.

With that, I will hand over to Mark.

Progress on Strategy

Mark Read

Chief Executive Officer, WPP

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Thank you, Paul. So back in December, you know, we set out the new strategy for WPP. We're now eight months into it. I think that the headline on how we see things is solid progress and maybe we'd sort of update you a little bit on how we saw it. We really got five elements of the plan in December, which were these.

The first was really to set out an ambitious vision for WPP as a creative transformation company to help our clients grow and need to return the business to growth.

Second, to recommit and reinvest in creativity, which we believe is WPP's sort of secret weapon or really the source of our competitive advantage.

Third, to have a more deliberate and top-down approach to technology and data, to focus on really how we use data in our marketing, not just whether we own it, and we're making good progress there.

Fourthly, to simplify WPP, to make it easier for our clients to navigate, to get the best of WPP and easier for us to manage the business.

And, lastly, to build a culture at WPP, to attract the best talent, the best people to the group.

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And against each of those I think we made good progress, in particular – and if you look at our offer, we really wanted to shift our offer into the faster-growing parts of our business. They tend to be the parts that are more technology driven and critical to our clients in terms of how they grow. So really growing in the areas of experience, of commerce, of technology and areas where we'll be the beneficiary of the growth of the technology companies like Google, Facebook, Amazon and Alibaba. There, I think we'll see that in the wins that we've made with clients and an increasing, technology-driven approach to what we're doing.

SLIDE 36

If you look across the business there are encouraging areas of growth and to call out, you know, five of them: our business in India, where we have 11,000 people. We've seen growth of around 13%. We're moving into a new campus in Mumbai later this year, We're moving 4,500 people into one building in Mumbai, but also moving to a new campus in Delhi early next year. In Brazil we're seeing 10%, We've got 7,000 people in Brazil and really a fantastic

business in a very creatively vibrant economy. And again, we're moving into the new campus there and we've announced that Stefano Zunino will become our Brazilian country manager.

I think it's important, people talk about disruption of our business, to see that WPP is actually a major beneficiary of the growth in technology, just to call out, our sort of big tech clients are growing 16% in the first half of the year. And if you look at our top 20 clients, they do include Google, Microsoft, Apple, IBM and Dell. So we do have a really strong position. And ironically, those clients turn to us to understand how to grow their business and how to communicate with their customers. Xaxis, a business really founded on the back of our acquisition of 24/7 Real Media back in 2007, so we made our first ad tech investment in 2007, so 12 years ago. Xaxis grew 16% in the first half of the year. I'll just call out luxury goods. I sometimes say that the areas of our business that are growing are technology and luxury and maybe Apple sits at the intersection of those two things. But our luxury goods clients growing at 7% at the beginning of the year. And I think we see across all sectors the kind of premium end of our sectors are growing.

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We talked about creativity and talked a little bit about the work that we're doing. We've showed some examples of work that we've done over the last year. Actually, we did particularly well at Cannes. There's really three pieces of work I want to call out that illustrate, I think, first, the importance of purpose; secondly, the importance of creativity and, lastly, the importance of what I call creativity powered by technology. Really understanding the changing ways that you communicate with consumers and how we can do that creatively.

The first piece of work is for Tommy Hilfiger. They asked us to work with them on a range of adaptive clothing, so clothing for people with disabilities. And Wunderman Thompson did this work. It won a Silver Award at Cannes and I think we'll show the video now of how we really launched that work in a very clever way for Tommy Hilfiger.

[VIDEO PRESENTATION]

So I think many of you were in Cannes, actually, in June when we brought some of the people in that film together and we had a fashion show with Tommy Hilfiger at the WPP Beach in Cannes.

So I talked about Brazil. The next piece of work is from AKQA who launched this product for Nike, and you will see how we did that now. Let's show the next film.

[VIDEO PRESENTATION]

So that piece of work won a Grand Prix in Cannes. You can see how creativity not just engages consumers, but leads to increased sales performance. And Nike is one of AKQA's foundational clients. I think in many ways it's great to see them doing such good work after so long.

So the last piece of work involves Fortnite. I don't know how many of you play Fortnite? But some 215 million people around the world do. And apparently the peak was 8.3 million people played it at one time, just after it was launched in South Korea. So VMLY&R have been working with Wendy's for some time; initially as their digital agency, but now as really their agency of record across all creative areas. They came to us and said, "Well, how can we look at the – how can we look at Fortnite and what opportunities are there?" And the key

thing to understand in watching this video is that the burgers at Wendy's are fresh and not frozen. So we'll show the Wendy's video now.

[VIDEO PRESENTATION]

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All right. So I think we've consistently said that we want to put creativity back into the heart of WPP. And the reason for that I think is that good ideas are really what clients are looking for. And we see that better work leads to client wins and retention. Just to call out few of the wins. We mentioned Ogilvy being appointed as Instagram's agency of record. MediaCom won the eBay business and they've really– MediaCom actually had a fantastic new business performance really over last 12 months.

Centrica was a major – probably the most hotly contested pitch and re-pitch of this year and a combined team of the The&Partnership, Wunderman Thompson, MediaCom really won that business, expanded the work that we do with them into Ireland and North America. But just to call out sort of two examples to sort of bring to life a little bit about why we're winning business and how our new strategies are delivering.

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The first is L'Oréal in the UK. L'Oréal in the UK is a top five advertiser in the UK, so extremely important piece of business. But we'd worked with them for some time through Wavemaker. When they called to review, really listened to the client, we decided to go back with Essence because the client wanted a clear technology-led approach and a combined team, both with Essence-- actually and somebody from Wavemaker, pitched the business. I'd say it was very collaborative effort.

Karen Blackett, our UK Country Manager was involved, as were many of the leadership from the media agencies. But also drawing on the rest of WPP particularly in the commerce area, and a very technology-led approach led to an increased remit with the client.

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The second example Vodafone Ziggo, the new joint venture in the Netherlands. And this was a very hotly – again another hotly contested review. It's a top five advertiser in Netherlands. And really, I think why we won was the ability to deliver a much more integrated model. It's a vindication of the strategy of putting people in campuses. We opened a new campus in Amsterdam I think in April or May of this year, and that campus houses 1,800 people from WPP in one place, and which is the heart really of creating a much more integrated team for the client. We put customer experience really at the heart of the proposition and it brought together the newly formed Wunderman Thompson, Greenhouse and GroupM, as well as our other media and design businesses. And the final pitch was against Accenture, so we can see that a creatively-led but technology-driven approach can be successful with clients.

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And just to mention campuses again, we have a programme to move as many people as we can into campuses. We believe that it creates a fantastic working environment for our people and that brings together the best of WPP in a way that's very visible to our clients. Today, we

have actually 29,000 of 134,000 people in campuses, around a quarter of the people who work at WPP are in campuses, we expect that to be about half by 2021.

And those of who that were lucky enough to visit Sea Containers, you can see how these campuses bring to life the strategy to clients.

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One element of the plan we laid out in December was to restructure the business into a simpler structure to drive improvements both in efficiency but also try to reposition the business for growth. And you can see that in terms of sort of rationalising our business units and taking out headcount, we are on track and the savings are on track for this year and next.

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So I'd say in summary, I think we see really good operation execution of our strategic plan. The leadership at WPP is working extremely well together, and I think focused on returning the business to growth.

Our financial performance in the first half was really in line with our expectations and perhaps slightly better than we expected in the second quarter. The Kantar transaction, that Andrew led, has really been successfully executed and further helped to simplify and deleverage the company. The fewer, stronger businesses that we have created are driving greater client retention and success in new business and we see that at VMLY&R, at Wunderman Thompson and at Burson Cohn & Wolfe in particular.

We do expect further progress in the second half of the year. As we said before, we are facing headwinds from account losses that really started in the beginning of last year through to September. They will continue to impact the performance in 2019 but we really had a very strong performance in retaining clients during this year. So we do expect that to tail off towards the end of the year. And broadly speaking, we are on track to meeting the three-year targets we set out in December.

So I think – so that's sort of where we are. I think before we take questions, just want sort of make one sort of final point that while we have challenges at WPP, I do believe there's a very positive future for the company, not only because we have tremendous assets in terms of our people, our clients, the investment we've made in technology, the scale of the business, also because what we do is critical to our clients and critical to the success that our clients have. The power of creativity, in my view and our view, is never more important. Clients need growth, and growth comes from creative ideas, from innovation, from inspiration, the types of things that WPP companies uniquely provide, in my view, more than consulting companies.

Secondly, clients do need partners. It's not just a question of how we can internalise work. If you look at our major clients, they include Google, Facebook, Dell, IBM, Microsoft, all of those clients turn to WPP to understand what's going on in the markets, what's going on with consumers, how to communicate with them and how to grow.

And I think while technology is disruptive, it's also a major opportunity for WPP, if we continue to invest, if we continue to attract the right people. And there will be growth in Facebook, in Google, in Amazon, in Alibaba, and the growth in those platforms for clients that

want to succeed with them makes WPP a much more valuable partner for those clients. So we set out a three-year strategy to address the issues and capture the opportunities.

No doubt there will be twists and turns along the way. We're not declaring victory at this point. But we do believe we have the right strategy to return the business to sustainable growth and the first six months of this year, in our view, demonstrate that. So thanks for listening, and questions.

Q&A

Lisa Yang (Goldman Sachs): Good morning. It's Lisa Yang from Goldman Sachs. Thank you for taking my questions. Firstly, I was just wondering if you look at the Q2 performance in US, which was clearly better than Q1. Could you give us the impact of the account losses because it looks like from the press release, there was a lesser impact? And how should we think about that for the second half? And the similar question is what do you think underlying was in Q2 in the US and whether we should also see an improvement in H2? That's the first question. Secondly, I mean you mentioned you pitched against Accenture and you won in this Vodafone account. Have you seen more consultants being involved in the pitches so far this year and have you lost anything to them? That's the second question. And thirdly, if I look at your organic growth guidance for the year, that still implies about minus 1% to minus 2% in the second half year, yet you're expecting an improvement. So I'm just wondering how to reconcile your full year guidance versus your commentary that you're expecting improvement versus Q2? Thank you.

Mark Read: Okay. So I think the way to think about the US, I think we said in Q1 that about the sort of 9%, maybe two-thirds were account losses and one-third were sort of underlying performance in the business. And I think maybe that ratio still holds true in the second quarter. So I think the improvements in performance in -- or the less bad performance if we're being direct in Q2, is a result, a little bit of the account losses tailing off but a little bit of improvement in the underlying performance, maybe 50/50 between those two things. But I think the account losses are fairly spread throughout the year. But we have said sort of slightly more in the first half than the second half.

I think in terms of competition versus the consulting companies, there are occasions that – where we win. I can't think of, but I'm sure there are occasions where we have not won, and I think that it's a balance. I wouldn't say we see a material increase in competition, sort of today versus a year ago, but we do know that they have been active in terms of acquisitions. We do compete against some of the companies that they've acquired. But I'd say that's more sort of traditional creative agency versus creative agency competition than a sort of different type of offer.

In terms of the full year, I didn't totally understand. I mean if we're minus 2% in the first half and minus 1.5% to minus 2% for the full year, it would imply that we could be slightly stronger in the second half than –or slightly less bad in the second half than the first half. I think it's kind of how we see it. I mean, I think we see – we set out the targets for the year. I think the way to think about it is we have more confidence now in reaching those numbers naturally than we did in, let's say, December when we communicated them. But there are

macro events out there, and I think that we feel the best thing to do today is to hold them really where they are.

Lisa Yang: I was referring more to the second quarter.

Mark Read: Sorry, the what?

Lisa Yang: I was referring more to – versus the second quarter, the sequential improvement in the second half versus Q2, where you were down 1.4%.

Mark Read: Down 1.4%, in what – so I don't –

Paul Richardson: I haven't quite followed those, sorry?

Lisa Yang: Sorry, I was just wondering your guidance implies basically H2 down about 1% to 2%, but obviously Q2 was already down 1% and the comps will be easier in the second half. So just wondering why you shouldn't see an improvement.

Mark Read: Without sort of – I did this before and got told I told you the answer. I mean, if mathematically we were minus 2% in the first half and minus 1% in the second half, then mathematically that would equal minus 1.5% and minus 1% would be better than minus 1.4%. So I think the guidance kind of still holds in terms of what we expect and that's a mathematical equation for everybody out there – not anything else. And this is all broadly in line with the consensus. So..

Yes. We'll start in the front here and then work back. That's probably the easiest way. And then come to the centre.

Will Packer (Exane BNP): Hi. It's Will Packer from Exane BNP Paribas. Firstly on China. Now I understand there's some volatility around comps, etc., but gap between the agency organic growth for yourself and yesterday we had a Dentsu warning on China and the underlying ad growth was very extreme. Is that just simply it is very difficult to monetise the BAT [Baidu Alibaba Tencent] growth, which is now dominating advertising growth in China? A comment there would be helpful. Secondly, in terms of your new divisional split, can you just talk us through the thinking behind that? Perhaps it would be tempting to maybe ring-fence some of the underperforming assets or highlight some of the faster growing assets. And yet, we have a new disclosure, but we don't quite see, for example, how some of your more digitally focused assets are performing, which could have been helpful. And then just lastly following up on the previous question, USA is improving. It's been a key source of weakness. Should we now think of a positive organic growth number for FY'20 as those account losses shift out?

Mark Read: So, on the last one, positive that we–

Will Packer: For 2020, should we think of it as a positive organic growth revenue number?

Mark Read: Why don't you take a start, Paul, and then go ahead with China?

Paul Richardson: Yes, so I think China has been volatile for us. I'd say we started from a position of really good market share, generally good businesses with good leadership, and more importantly, a really good mix of clients with international and local. And you kind of saw that in the media wins coming through in the first half of this year. So we're not fully

dependent on any -- either just international clients or just local clients. So that has always been one of our secrets to success.

The financial performance has been strong. Again, it is second half-weighted in China, as always. And actually, whilst it was disappointing the minus 10%, it did follow a very strong second quarter last year and we have seen volatility over the years.

Our management there remain confident. They haven't seen anything materially different from the recent macro events that affect our numbers. And July actually was a vindication that their thoughts and their thinking is consistent with what they're seeing in the marketplace. And actually, we haven't found it any more challenging to be profitable in China, i.e. to monetise our business than we have been in prior years, and it remains a strong business for us.

So all I can say is that, yes, I have read all the competition and their concerns about their performance in China and I saw the announcement from Dentsu. We haven't seen anything to mirror that yet and are hopeful for an improved performance in the second half of this year.

Mark Read: On the splits?

Paul Richardson: So the split was really – it was very much operational, and we do, I suppose, like to track businesses in granular detail ourselves. But when you are literally combining all the offices and all the staff in each location and Wunderman and Thompson, and likewise at VMLY&R to become one unit, it was proving to be such an exercise in estimation of how the splits were then falling out in both the specialist businesses and then the PR businesses. It was just averaging down the underlying performance of those specialists. Quite apart from the fact you've now got one management team for Wunderman Thompson. You've got one management team for VMLY&R. So actually all we're doing is reflecting that mix of businesses. Hogarth, again, it has some of the business nestled within the agencies and some independently, so again, it was the right to put it in the same sector.

In my view, it's kind of exposed the specialist businesses to become a smaller business and more volatile as you're seeing. And so yes, we have some digital businesses within there but actually our main digital engines, if I'm honest with you, are now in the global integrated agencies because they are helping those businesses grow in the future. Unfortunately, yes, I know it's a bigger number but it's a true reflection of how the business are combined and how they operate and that really is the basis of what we did.

I know it's a bit disappointing to not have full granular detail but that's, I'm afraid, the way it is right now.

Mark Read: I mean, I was just trying to say there's a digital bit and an analogue bit of the business. It's just no longer really relevant. It's just not helpful, not how we –- not how clients think about the world, it's not how consumers think about the world, it's how we want to run the businesses. So critical to the strategy has been bringing that together and combining it. So I think the-- really, we're just moved things up into that box to reflect that.

On 2020, I hate that it disappoints you, but you'll have to draw your own conclusions on where we get to. You know where we are now and you know where we want to be by 2021

and at the certain point, the line will cross zero. But I think it's premature for us to sort of talk about exactly when that will happen, I'm afraid.

Thanks. So we'll go back to Matthew – Yes.

Matthew Walker (Credit Suisse): Thanks a lot. I've got three questions please. The first one is, I think you don't like the idea of your clients being audited by Accenture. How many of your clients are audited by Accenture and how do you see that playing out going forward if you – if both sides sort of maintain that position? Second question is on creative in the US. Your investment for £15 million I think a year over -- for three years. Just in the context of WPP, it's such a huge group. Is that really enough to get to the root of the issue and really boost the creative output in the US? It does seem, on the face of it, like quite a low number. So maybe if you can comment on that? And lastly, you showed us some very interesting work and obviously the purpose is becoming increasingly important. I think there's been a lot of press around and a lot of trade press around CBP and Ogilvy recently. Is that affecting Ogilvy's new business performance? Is it affecting staff attention? How do you feel about that?

Mark Read: So I think – thank you. On Accenture, there was some press coverage. I don't – I mean, I have not, or we have not put out an edict as reported in the press. But I think we do have some concerns about people who are competing with us who are also auditing our work. So I'd say we're proceeding very, very carefully with that and making sure there's a separation for that work. They're one of a number of people that do that work. There are many other very good providers or companies that clients can go to, to do that. And I think we certainly feel more comfortable doing it with people where we don't have a conflict of interest.

In terms of creative, I think the £15 million was incremental investment and I would say that we are looking to do more. And I'd say we want to shift existing resources more into creative and part of what we're trying to do is make the group more efficient. One of the benefits of bringing VMLY&R and Wunderman and JWT together was it enabled us to take out back-office costs and administrative costs and property costs.

We have a big property saving in New York from the consolidation. And what we want to do is ensure that as much of the business as we can will be invested in creative resource that will do better work for clients. So I'd say that the £15 million was sort of incremental from a P&L perspective, but overall, I would hope that we put substantially more than that into our creative department, which I think is very important.

Turning to purpose. I think John Seifert's note set out well the rationale behind Ogilvy's work. And it's clear that in many businesses, employees take a greater interest in the types of people that they work for. I'm sure it's true in banking, as it's true in many of the technology companies. It's true across the world. And I think Ogilvy have stood by the work that they have done and we haven't seen any impact really directly in the business, though I think we understand people's concerns and talking to people about what they are and how best to address them.

Kate Pettem (Rathbone): Kate Pettem from Rathbone. You spoke about expanded remits within your existing clients, and I'm particularly interested in contractions, and if there any sort of like characteristics where you could make investments, or you need to talk to us about

in the development of the market. I'm provoked in asking the question by the press over Dove Men, where Unilever is a net expander. They've been very supportive of you, and you've done at least, to the untrained eye, an excellent job. So are there any like characteristics in businesses that have contracted their business with you and where we might expect further investment to stem that sort of flow? The second question is on currency. On the cash flow statement at the operating level, so operating cash flow, what would the currency effect have been in the first half? Is it like the P&L, is it about 1%? And would you expect the plus 4% for currencies valued at the end of July also to run through the cash flow statement at that level? Thank you.

Mark Read: Okay. Well, Paul would talk to the currency point. I think on the question on the specific example you mentioned. Look, I think many large clients work with several thousand agencies. And I think that Unilever have made clear that direction of travel, but doesn't mean that we'll win every assignment. So I think the Dove Men is a sub-brand of Dove and that was sort of the decision that they took. But I don't think it implies one thing, anything one way or another, really. Currency?

Paul Richardson: So on the currency, the main effect would be the benefit to EBITDA, so that will run through the cash flow. Obviously, that's before interest. There is a little bit of a higher cost of interest because our debt is in dollars and euros and that will be an offset. But the majority of the benefit of the 2.8% will flow through to the bottom line but not the full 2.8% because EBITDA benefit is mitigated by the interest offset through higher interest.

Kate Pettem: And working capital has the same sort of ?–

Paul Richardson: Well, actually you can't really tell on the working capital because we put the balance sheet effect of currency through other reserves. What you see in the working capital movement is we make that adjustment when we compare our working capital position YoY. So to try and do it on a constant currency basis. So currency is not really one of the reasons why working capital is different, to put it another way.

Kate Pettem: So H2 about the same sort of movements?

Paul Richardson: It is all linked. So I think H2 is going to be--- we saw plus 1.6% in the first half and around plus 4%, if current exchange rates prevail for the remaining six months could impact -- could benefit us in the second half.

Richard Eary (UBS): Thanks. It's Richard Eary from UBS. Three questions; the first one is just looking at the second quarter revenue less pass through like-for-like revenue growth by the new breakdowns. Obviously, the big weakness in there is specialist agencies, which I presume is mainly GTB. I mean, can you give us a bit more colour, because it seems as though that a lot of the weaknesses in second quarter could be specialist agencies, and therefore, GTB. So I don't know whether you can call that out a bit more for us.

The second question is that, I don't know whether you can talk about what's happening in terms of the pipe for H2 in terms of contracts potential in terms of what your pipeline businesses is looking in H2. Obviously, you talked about defending Vodafone, Novartis. I'm just wondering whether you can sort of elaborate on what that pipe looks like.

And then the third thing is that you put up some slides earlier about calling out sort of a momentum in key parts of the business like Xaxis, tech clients. But I don't know whether you can talk through what's happening on the FMCG, the consumer goods side, as well.

Paul Richardson: So on specialists, obviously the impact of the loss of the Ford Omnichannel work is the major element of the decline YoY, like-for-like growth in net sales in the specialist category. It is not the only agency that's having a tough first half. I think a number of agencies, again, with changed leadership are going through some quite significant changes. I think we have seen already that – again, it's hard to quantify the benefit of putting our healthcare businesses back into the integrated agencies. And that obviously was a feature in prior years. We have, as mentioned, a number of agencies in addition to the GTB agency. But some of those have had a slow start to the first half. They are expecting to have a better second half coming through. So it is not exclusively as a result of just the GTB agency loss by any means.

Mark Read: So in terms of the pipeline, I think the pipeline remains good. I wouldn't say –I think it's been a slightly subdued year for new business overall, certainly compared to last year. And if you remember, we came into last year, I think, with $3.2 billion of business under review. We came to this year with about $800 million of business under review. So a much smaller amount of business under review and that's why we had a good performance in client retention. The major sort of outstanding decision will be Vodafone and we're putting everything into that and working with them closely. On Novartis, we're one of the incumbents, but not the major incumbent. And then, you know, inevitably other business under review around the world. But I'd say net-net, if we do a good job, we'd be more of a beneficiary to new business trends for the rest of this year than anything else. But I'd say there's nothing major yet.

In terms of FMCG clients, I think we've said, the performance is probably more varied than it has been in the past. You know, I think we still, we continue to see some packaged goods companies look at how they can further restructure their spending. But others, I'd say, are taking more of an expansive approach – and, one in particular, really looking to sort of restructure the roster, invest much more in creative capability than perhaps they have done in the past. So I think the-- I'd say there are generally more reassuring trends than negative trends, but it's still a mixed picture across packaged goods companies in terms of how they're thinking about their spend, which is no surprise, as their market is disrupted and they're trying to shift their budgets from, traditional, analogue television into newer, sort of, digital channels. So I think that's kind of really the major picture we see and there are probably no-- there's no difference there.

Richard Eary: Can I just have a follow-up; you call out specifically a better performance or good growth out of GroupM. And obviously you put some numbers out there for Xaxis. Can you quantify obviously what the media performance was in the first half?

Mark Read: No, we don't break that down, I'm afraid.

Adrien de Saint Hilaire (BoAML): It's Adrien from bank of America. Actually I just have a follow up on Richard's question. Would GroupM be growing ex Xaxis? that's the first question.

Mark Read: Yes.

Adrian de Saint Hilaire: Yes? Okay. During the presentation and during the Q&A, you've talked about parts of the businesses getting better, but are there any parts of the business getting worse you think in the second half? That's one question, and perhaps one other question, is about the 2021 targets. When we had the Investor Day in December, you said you expect it to grow in line with the industry. Back then, the industry was growing 2%. In the first half, it seems the industry is growing 1%. So if you were to grow at 1% in 2021, would you be happy with that performance? And then – well, you tell me. And then maybe an easy one for Paul is or for Andrew is: can you tell us the value of the remaining portfolio of associates and minority investments in the first half? Thank you.

Mark Read: So, look, I mean is anything getting worse? I think in the business of WPP, scaling practically isn't-- there's always parts of the business that are getting better and some parts getting worse. But I'd say there's nothing material that's getting worse in general. Things are either better or the same. In terms of the targets, we have made a view that we'll grow in line with our peers by 2021 and, we'll, as you said, I know you pushed this in December. You'll push this again today. To give you a concrete number, I think we look at the average in 2021, and look to be there or above the average by 2021. Andrew, do you want to talk about where we are in 2021?

Andrew Scott: Yes. So on the balance at June is £740 million on associates. But out of that, part of that is in Kantar, so you can sort of deduct £50 million from that, which will go along with the Kantar transaction. And on investments, £575 million is where we are at June.

Adrien de Saint Hilaire: So on working capital -- it was down £600 million, I think, outflow in the first half. I know it's a very difficult number to guide on, but Paul do you have any sense of where we land for the full year?

Paul Richardson: So I would actually break it out between the trade and the nontrade. So it is hard in the first half because we have the season outflow. The actual June-to-June position on trade, we're actually better, by about $18 million. So our expectation on the full year is to have to be – at least the same or better by on trade working capital YoY. The nontrade we've been adverse, the best part of $100 million for four years in a row, which doesn't seem logical. And it is a very small number of changes on other creditors and accruals in many markets, so it's kind of difficult to predict. At worst case, we should probably assume the trend of the last four years of $100 million, but we don't understand – we don't believe that to be a valid excuse for why it shouldn't be neutral, to be quite frank with you. So our expectation on some of our bonuses are based on actually improving working capital YoY. So we have every incentive, as one of the global CFOs, to have -- meet our targets of working capital at June, September and December. So we have every incentive to ensure a better balance sheet position, December '19 and then December '18.

Mark Read: Tom, over there on the left?

Tom Singlehurst (Citi): Tom from Citi. I have two questions, one operational, one financial. On the operational side, you alluded to that Vodafone win with Accenture in the – as a sort of not—or failing to win it, I suppose, but the – I suppose, not necessarily a direct question about Accenture, but I'm conscious that at some point, one of the consultancies is going to win something meaningful. But at the moment, they're not. Can you just explain what you think are the factors that are driving that? Is it because they don't have necessarily

a full media capability? Is it just purely because of the creative point or is there any sort of material difference on a sort of—on the cost side in terms of sort of per head pricing or anything around that? So that would be very much appreciated.

And the second question, I suppose, for Paul: on the balance sheet with the Kantar proceeds -- I accept that it will take quite a long time for them to come through. But you-- I mean on one level, it's quite sort of perverse for us to try and force you to reduce leverage, because you've actually got quite a lot of cash on hand and a sort of long duration balance sheet. So is there anything that you can do to sort of make the balance sheet more efficient in terms of debt buybacks or anything along those lines? Thank you.

Mark Read: So on the consulting question, I sort of vowed to myself that we sort of talk positively about WPP and not negatively about other people; I am sort of a little bit fed up with people that are trying to grow their businesses by criticizing other people's businesses. But I think if you look at why, why do we win? We win because we understand what CMOs want to achieve because we understand consumer behaviour and changes in consumer behaviour. And I think because creativity is important and it demonstrates how we can envision the future. And clients – if you look – if you drive everything just off the data, then everything ends up just being the same. And growth comes from differentiation with consumers. So I think that – what – as I refer to it, it's WPP's secret sauce. I think it is the case. Our ability to envision the future and envision a different future from client A to client B is what helps clients grow.

So I think marketing today is definitely a creative and technology problem, but it's not just a technology problem and it's not just a creative problem. It's about the ability to bring those two things together. So I think that is why we win. And, I think a number of other companies that look increasingly like WPP, in terms of sort of structure and branding the way they are integrating.

So I think there are advantages to our models. I think that sort of maybe will help you understand kind of where we are.

Paul Richardson: So on the balance sheet, Tom, you're right, we have a staggered maturity profile and we only really get the benefit from deleveraging on the interest line if we do retire the bonds that are out there. We have £700 million of bonds coming up for maturity before May 2020. So that will be a good chunk of – let's call it $1 billion put aside for that. And then, we have the rights under the clauses of the other bonds and call them early, obviously for a price. And so we'll look at what makes the most sense in terms of retiring other bonds that are out there from a price interest coupon perspective. But the intention is to actually to reduce the balance sheet fixed debt obligation by the amount of the proceeds coming in, in the majority of cases.

Tom Singlehurst: Okay.

Mark Read: Next? Anyone else? No?

All right, well, thank you all for listening. I think, as we have said, this is a solid start to the year and good execution of the strategy, but work remains to be done. Thank you all for listening. See you soon.

[END OF TRANSCRIPT]