WPP 2020
First Quarter Results

Transcript

Wednesday, 29th April 2020

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Overview

Mark Read

Chief Executive Officer, WPP

Thank you very much, Jules, and good morning, everyone, and welcome to our First Quarter Trading Update.

I'm joined here by John Rogers, our CFO; and Peregrine Riviere, who heads of our Investor Relations efforts, and thank you all for joining and I hope that you're all safe as are your friends and family safe. It's a difficult time, and our thoughts are clearly with all of those affected. And all of us at WPP are very thankful to the efforts of the healthcare workers and other frontline essential workers, who are doing so much to keep us safe, and help us manage through the current time. I assume that everyone has the slides in front them. We move to the second slide, our safe harbor statement, and it's important that everyone reads that before we start.

SLIDE 3

So, we turn to Slide 3, the agenda; I'll make some brief introductory remarks and then John will take us through the financial performance. And then I will come back to talk about the business update, and then John and I will take your questions at the end of the formal presentation.

SLIDE 4

So, turning to Page 4, our COVID-19 response, there's really been four areas that we've been focusing on over the last 8 to 10 weeks. The first clearly is to maintain the health and safety of our people; that's our number one priority. And we sent everyone home from work on March 16, so 95% of the 107,000 people from WPP have largely been working from home since then. It's clearly an anxious time for them. I think they're doing a fantastic job in providing uninterrupted service to our clients. The clients are our second priority. Actually, we remain extremely close to our clients and have constant daily contact with them by video and are working really to help adapt their plans to the current environment to understand what's going on at the moment and increasingly to start to think about what the world will look like when they come out the other side.

If I look at our customer satisfaction scores we've done during this period, they're actually up, which I think is positive and I think that there is testimony to the work that our people are doing and to the continuity planning that we've been doing and the efforts of Andrew Scott, our COO; and Jacqui Canney, our Chief People Officer, in helping people and their teams manage their way through that. At the same time, we have focused on our third priority; I remind you of the purpose of WPP to use the power of creativity to help our people, clients, and communities. We'll share some of the work that we've been doing to help communities manage through this situation. And then lastly, I think it's been a critical area of focus to ensure our financial resilience to protect all of our stakeholders, and that's really been our focus as we come through this.

SLIDE 5

So, the highlights on Page 5, the Q1 highlights; it was a good start to the year. Outside of greater China, business grew by 0.4%. We made a number of improvements against our strategic goals, but clearly the business was impacted by COVID-19 in March with revenues, net sales down 7.9%, it had a significant impact and will have a significant impact in the second quarter, but we do have a well-diversified business in terms of clients, geography, and services, and we can get into that later in the presentation and in the Q&A.

I think it's important to mention we have the excellent net new business performance. New business has been continuing. We won more than $1 billion of new business in the first quarter. We've had no significant losses year-to-date. I'm very pleased to have won the global business for Intel, media business for Hasbro and Novo Nordisk, and creative services for Discover in United States among other clients.

We do have strong liquidity and balance sheet. Thanks to the disposal program, we come into the situation with the lowest level of net debt in the company since 2007. So, unlike the financial crisis the company is in a much stronger position financially, and we have GBP4.4 billion of cash and undrawn facility. John will walk you through that further. We take significant action to mitigate impact of COVID-19 on our profit and our cash flow. And with all of that, we're really trying to balance and protect the business. I mean one complexity of this is it's both an economic and a health crisis, so we are cognizant of that. At the same time, WPP is a people business and while it is true that people are our greatest asset and we do want to ensure that we protect as many jobs as we can as we go through this and you'll see in John's presentation how we've done that. We are very cognizant of being ready for a rapid recovery as we have seen in China albeit not to levels that existed before the pandemic. So, it's really been a balance of taking cost action. So, those would be some of the highlights from the first quarter.

I'm now handing over to John to take you through the details of the financial presentation of financial performance. Thank you, John.

Financial Performance

John Rogers
Chief Financial Officer, WPP

Thank you, Mark. And good morning, everyone. I'd like to take you through the financial results for the first quarter 2020; so, turning please to Slide 7.

SLIDE 7

So, starting with the revenue less pass-through cost by sector; in Q1, we saw the global integrated agencies with a like-to-like revenue decline of 2.6%, weighed down by decline in March of 6.6% reflecting the impact of COVID-19 on our business and in line with our expectations.

Our public relations business was down 1.4% on a like-for-like basis for the quarter and 4.4% in March, a relatively more robust performance given our client needs for Specialist PR services in these challenging times. Our specialist agencies were down 7.4% like-for-like, dragged down by 15.2% decline in March reflecting the project nature of this business. Overall revenue less pass-through costs were down 3.3% on a like-for-like basis, and reflecting a decline of 7.9% on a like-for-like basis for March.

SLIDE 8

So, turning now to Slide 8, please, and revenue less pass-through costs by region; North America was our best performing region with like-for-like sales down 1.9% for the quarter and 3.6% in March, and was compared to Q1 2019, where like-for-like sales were down 8.8%. So, we think this direction of travel as being encouraging. The UK was down 4.2% in the quarter, had a tough March, down 9.8%, reflecting the impact of lockdown in the second half of the month.

Similarly, Western Europe was down 3.7% in the quarter and 9.6% in March, reflecting lockdowns in Italy for about three-quarters of the month, France and Spain for roughly half of the month and Germany for the last week of the month. Net sales were actually hardest hit in the rest of the business down 4.6% in the quarter and the 11.5% in March, reflecting a challenging quarter to China albeit with relatively stronger performance in India and Brazil, which leads us nicely on to Slide 9 please and looking at our performance by country and our top five markets.

SLIDE 9

So, as you can see, the U.S. which went into lockdown in mid-March, depending on which particular state, but was down 1.9% in the quarter and 3.7% in March will be, as I said earlier, relatively better performance than the same quarter last year. The UK, which went into lockdown around the 23 of March, having been up in February was actually down 9.8% in March and down 4.2% then for the quarter. So, we've got a tough March period there for the UK business. Germany, which went into lockdown slightly later -- I'm sorry, on 22nd of March was actually up in January through February but was down 14.9% in March dragging the quarter down 4.3%.
Greater China, which went into lockdown much earlier in early January was actually down 17% in January and February, and further hit by 29.9% in March. So, down 21.3% for the overall quarter, albeit it's important to recognize that we're actually down 8% in Q4 of 2019, so it could be the impact of COVID-19 reflects that delta between the 21.3% and the 8%. And we are actually starting to see some signs of economic recovery and a return to work in China. So, it's been a fairly rapid recovery.
India was actually up 8% in Jan and 13% also in February, so very strong start of the year, but was hit by 1.1% decline in March. So, overall up 6.1% quarter, credited -- creditable performers on the back of the tough comps year-on-year.

SLIDE 10

So, turning now to Slide 10 and performance in other major markets; the France was down slightly in January and February and down further in March by 7.1%. So, down overall by 4% in the quarter. Italy was by far the hardest hit European country is actually down 12% to 13% in January-February, and then down further 23.7% in March to April 16.2% down for the quarter. And of course, Italy went into lockdown much earlier than most other European countries around the beginning of March.
Spain went into lockdown from the 14th of March, was actually flat in March, and up overall 3.8% in the quarter. So, arguably bucking the trend that we are seeing across most of our other Western European countries. The strong performance there from Wunderman Thompson, Ogilvy, and Wavemaker are an encouraging sign.

Brazil was up 8% to 9% January through February, but down 16.7% in March, so quite a big decline there month-on-month dragging the overall quarter negative at 1.3% albeit on the back of relatively tough comps in the prior year, the prior year delivering a 9.3% growth.

SLIDE 11

So, turning now to Slide 11, and new business; Mark mentioned some of these successes earlier on, but we had a very strong quarter for new business winning over $1 billion of work. So, Mark has already mentioned, WPP won the Intel creative business for one of the largest creative pitches in years, where we've taken responsibility for branding, advertising, and production. Wavemaker was also assigned the global media responsibility for Novo Nordisk, and there were wins for Grey in Discover, for MediaCom in Hasbro, Mindshare in Playmobile, for MediaCom again in P&G, and VMLY&R in BASF. So, some very encouraging wins there in the early part of the year. And also pleasing to note that we had no material client losses in the quarter.

SLIDE 12

Turning now to Slide 12 and improvement in our net debt year-on-year; I wanted to make two observations here. First, as Mark mentioned earlier on, our net debt is down significantly year-on-year so from GBP4.6 billion to GBP2.8 billion, also reflecting the sale of Kantar. The second point I want to make is that actually the movement within trade net working capital, which is always an outflow in this period of the year was actually a smaller outflow in the first quarter of 2020 than in the first quarter of 2019, reflecting tighter working capital management. And an improvement of 3 percentage points in terms of our percentage of invoices overdue for this period. So, encouraging signs and I think there is further work that we can do to further improve our working capital position.

SLIDE 13

So, coming on now to Slide 13 and uses of our free cash flow; the first thing you'll see is overall net disposals of a GBP139 million, being offset by GBP285 million of share buyback in the first quarter of the year. And when you add that to the £44 million of buyback we made in December 2019, that total the GBP330 million buyback program is part of the Kantar proceeds. But that's as previously announced; we have suspended that share buyback program for now. And the business also has ample liquidity, Mark already mentioned. We've got GBP4.4 billion of undrawn facilities and surplus cash available to the business.

SLIDE 14

And indeed, if I turn to Slide 14, you'll see the nature of the liquidity available to business, total facilities, you'll see that at the bottom of GBP7.2 billion, of which only GBP2.8 billion are currently drawn down. So, we've got GBP4.4 billion available to us today with a weighted average coupon of 2.7% and a weighted average maturity of 7.9 years. And as you'll see that, very well spread-out over that time frame. The only facilities that we have due payment coming up is May 2020 and that's EUR250 million Eurobond facility.

SLIDE 15

So, turning now to my last slide, Slide 15; the business has executed well in the process of implementing an extensive program of actions to protect the business and our people in the impact of COVID-19. First is what we've already announced in relation to costs. We've taken immediate actions in terms of hiring freeze, freelancer reviews, and delays to pay rises, and stopping discretionary spend as well as the salary sacrifice at the Board level and that has delivered within year savings of GBP700 million to GBP800 million. Those actions have all been implemented and those savings are already being delivered as part of our plan.

We've also tightened up our capital expenditure with a GBP100 million reduction of Capex budget. Actually, I think we may end up delivering a little bit more than that. For the moment, we're projecting GBP130 million, GBP140 million saving. And as I've already talked about, continuous review in place monitoring of our working capital position, and we've seen an improvement year-on-year in terms of our percentage overdue status. And as I mentioned earlier, significant opportunity to further push and save further working capital as we work through the year.

As previously announced, we've also suspended our share buyback program and have suspended our final dividend and between those two decisions that's given us an immediate cash saving of GBP1.1 billion, adding to our overall liquidity availability. And on an ongoing basis, we've also identified further cost actions such as reduced working hours, salary sacrifice, which Mark's already talked about over 3,000 of our most senior people signing up to that - real testament to the values in our business; and some permanent headcount reductions too.

Now we -- as you know, we've removed guidance for the full year. We don't know the impact and the longevity of COVID-19, but what we have done is developed a range of possible economic scenarios with different levels of net sales progression and decline. And we've got detailed plans against each one of those scenarios to take cost out accordingly as well as very good early indicators in the business to inform us to what we would need to accelerate taking those costs out. So, I'm very comfortable, because we've got the ability to respond to whatever the market may throw at us.

And at the same time, I've been in the business now for about 12 weeks. There is, in my view, material longer-term efficiency potential; and indeed, we have started already to look at ways in which we can accelerate some of those efficiencies as we look to the weeks and the months ahead.

And so with that, I'll hand you back to Mark to take you through the business update. Thank you.

Business Update

Mark Read

Chief Executive Officer, WPP

SLIDE 17

Great. Thank you very much, John. And I'm going to try to give a little bit more color and context on what we're seeing on Page 17 in terms of our people, our clients, and our communities.

SLIDE 18

So, turning first to Page 18, on people; I think we have seen a really effective response to the lockdown; and by effective, I mean both a great degree of collaboration across the company. And really uninterrupted service to our clients over the period. A few points to make; firstly, 95% of people are now working remotely or working from home. I think a number of them, in markets that are starting to think about going back to work. We are approaching that extremely cautiously. We've been very cognizant of the need to provide regular support and regular communications to our teams. We're doing regular town halls, by market, by video. And I think one of the observations I'd make about the period is where previously we may have thought we had to fly to a market to talk to people, we're now realizing that we can achieve maybe not 100% of the same effect, but much the same effect by talking to people over video.

Each of our company CEOs is also leading the way in talking to their companies about what they're doing, and we're encouraging our teams and managers to hold regular communications. We've launched something called WPP TV, four days a week for half an hour, where we feature, some of the many talents we have across WPP to try to create a sense of community across the organization with mental wellbeing -- really a particular focus for us at the current time. And this is not an easy time for anybody -- it's not easy for people with families, it's not easy for people who live alone. I think it's particularly difficult for the more junior members of the company, perhaps they don't have the same houses and gardens that senior executives have. So, we're very cognizant of what we need to do, and technology has been a great help in helping us do that. We've been pushing the adoption of Microsoft Teams at WPP the last three or four years, I'd say, with some trouble, but we've seen 60 times adoption in the last six weeks. So, it really shows the speed of adoption of new technology in the current time.

And as John said, our goal has been to protect jobs wherever possible, and I'm very proud that more than 3,000 people have taken the salary sacrifice. We have instituted a much stronger internal job market and one of the side effects I'd say, positive side effects of stopping external hires has been to encourage people to look internally for resources, which we're seeing, and to collaborate much more across companies in terms of getting work done. We're also upping training and development at the current time particularly with our partners. We see this -- although people are extremely busy, we do see this is as a time where we can invest more in training and in development, and we are doing that.

SLIDE 19

On Page 19, our work with clients I'd say was extremely fast. I mean compared to the financial crisis of 2008, 2009, I don't think this crept up on us in any way, and certainly WPP with our extensive operations in China, and then in Italy, I think we were quite well prepared for what would happen and we did have strong business continuity plans that we were able to put in, in time. We've done some research in the U.S. that says that 84% of consumers will judge companies by how they respond at the current time. And I think, there are amazing companies that respond extremely well with relevant communications and we highlight here some work that Ogilvy did for Dove, a Unilever brand, which I think really highlights what you can do creatively and comes with a relevant message and contribution at the current time. But our focus with clients has largely been about re-planning communications. I mean there's no doubt that all companies are financially impacted by the economic and health situation, and by the lockdown that has been imposed to have been responding extremely quickly. And I think working fast and it's interesting we're seeing campaigns that may have taken two to three months to get done, get done in one to two weeks.

We're re-planning media channels with higher ROI -- that at the moment and we have seen a great amount of production capabilities that you've seen some increase in demand in the short-term production with work that would normally been shot taking place with CGI, using stock photography, using animation and in many cases, our people using their own homes and families to produce work for clients. And when we talk to clients about the logic of investing, then we do ask them to focus on the ROI. And it's important, I think for companies to stay in touch with their consumers. There are companies that have deep financial resources that are able to take advantage of the growth in audience, and the higher ROI at the moment, and there's no better time to advertise when your competitors are silent. I think at the time of great consumer change, it's important for companies to stay in market to really figure out ways to market when they come out the other side.

SLIDE 20

On Page 20, we are seeing quite a lot of range of client work from across the organization, I call out a few examples on this. We worked with Colgate on a campaign called SafeHands to support the World Health Organization, they're making 25 million bars of soap available to the World Health Organization. Our agency Red Fuse supported them with that. They're also making further donations to help authorities around the world. For Pfizer, we launched a new campaign Science Will Win, which celebrates the role that science can play in fighting the virus, and that work came from a combination of Grey, and Landor, and Hill+Knowlton.

I think it's really interesting to see the role that companies are playing in helping to combat the virus and for our client P&G, the Governor of Ohio approached the Chief Executive of P&G and asked for help in explaining the importance of social distancing to youth and Grey in New York and Cincinnati came back with the idea of using TikTok by the influencer, Charli D'Amelio to communicate to youth the importance of social distancing. The clip has been viewed more than 10 billion times, which shows the power of using the relevant social influences to communicate with the audience, and the importance of talking to people in ways that they understand. And the Nike, AKQA created Nike Run club in Japan and China to help people exercise, and we've seen actually some research and lines are showing the three activities young people are taking part in that are exercise, they're exercising more, they're eating better, and they're doing yoga.

SLIDE 21

If we look at how clients on Page 21 are allocating their spend. There's really I think the focus on driving ROI. And we see not to say a split between analog and digital, but a split between those channels that are used to be able to drive sales for clients and those channels, where that's more difficult. I would say we are seeing a growth in digital media to drive sales, a link to e-commerce channels into those companies that are able to fulfill through e-commerce channels. And clearly, among the winners from the situation will be Amazon, Alibaba, JD.com, who are able to sell in the current environment and even within the e-commerce providers we're seeing those companies that can operate do better than those companies that are not.

National television has been surprisingly to be resilient in those markets, where it's hard to shift. And I think that to some degree continued pressure on television generally as well as radio. But some national TV commitments are holding up. But we are seeing in general pressure across all media, and those media such as newspapers, magazines, cinema, and outdoor are clearly most impacted in past weeks and perhaps we can discuss some of that on the Q&A.

SLIDE 22

It is important as well at WPP to understand the diversification amongst our client base, and while all companies are clearly impacted, some are more resilient than others and we call out the 54% of our revenue come from the CPG, technology, healthcare & pharma sectors that are more resilient, and you can see that resilience in the first quarter. They grew by 4.9% versus those sections that were more significantly impacted in automotive, luxury, travel, leisure that were down 4% in the first quarter. Overall, I'd say those performances were more divergent in March than they were in January-February.

SLIDE 23

Going to Page 23, another element of our diversification is obviously our broad geographic spread and here we try to set out not in a scientific way, but as best we can sort of the evolution of countries from outbreak through to recovery. And you can look -- these markets cover 75% of WPP's revenue. You can see that China is to some extent out the other side at 6%. Germany, Australia -- Germans turns around 7% of WPP revenues and Australia around 3 are approaching that; and other countries, France, Italy, Spain are seeing a somewhat easing of restrictions now. And it clearly as John said was going to be tough. And I think we are very cognizant in our planning in our financial planning and in our modeling that this is not a linear situation. There are restrictions being re-imposed, and that these things can reverse as well as go forward. So, I think we are very cautious in our approach to forecasting, budgeting and what we do on cost, but I think you can see that the geographic spread of operations will give us some diversification. And if you look at China, you can see that there was a very rapid recovery in economic activity.

SLIDE 24

And on Page 24, we tried to outline some of the statistics and observations that our team in China would make about the business. From the lockdown, we are now operating at about 90% of our people in the office. I think we'll probably stay at about 90%. I suspect that we will never go back to the 100% that we were at before. The number one question I'm asked from on town halls is, will working from home be more accepted in the future, and I think we will have more flexible working in the future, but we will at the same time have offices.

You can see that retail sales are improving, and online retail sales have grown at a stronger rate versus the decline in traditional retail sales. Interestingly e-commerce in China is now 19% of FMCG spend, and that is one of the shifts that we've all seen the current environment is a much greater shift in the e-commerce, and there's some statistics in the U.S. that suggested shifted from 5% of grocery sales to 10% something that would have taken four years to happen is now taken place in 4-6 weeks. We are seeing a much greater degree of innovation. And within WPP, we're seeing growth in demand for our e-commerce services.

While the recovery is not back to the levels we've seen before the COVID-19 outbreak, you have seen some comments that we picked up from L'Oréal and LVMH on the speed of the bounce back. And I would say that these are two companies, who we work with, who were very diligent in their preparations. They continue to spend albeit at a lower level during the outbreaks, they could sell online, and they have come back quite strongly as have automotive sales. And as you can see in the second week of April, automotive sales were up 14% year-on-year, having been down 35%.

Now I think we need to treat all of these statistics with some degree of caution. And clearly in China, the authorities have done an excellent job in containing the virus. Clearly, if you look at automotive sales, there's an element of pent-up demand. We wouldn't necessarily expect that 14% to continue for the rest of the year. So, we are cautious, but I think that the lesson that we've learned is that the recovery can be very rapid. It does take four to six weeks for consumers to start to get back. And I think we are, as a result, cautious about speed at which people will come back. But we can see how it happens. We are starting -- and increasingly, in conversation with a client yesterday, the CMO of a client, about what consumer behavior would look like when we're on the other side and how they should start to think about that in their plans.

SLIDE 25

Think the third element is the call-out on Page 25, is the work that we're doing to support our communities, and this is very important to WPP. And very important, I would say to our people. And while we're not at the front line of the response, I think there's a major role that communications can play in mitigating the impact of the virus, and I'd like to call out some of the work that WPP agencies have been doing. In the top left (inaudible) Group SJR and Glover Park -- helping the U.S. health authorities to communicate. On the top right here in the UK, Wavemaker who have been working with the government and the health authorities developing a service on WhatsApp to help answer people's health questions and they're helping a lot with the government planning their media campaigns.

And on the bottom left and right, two campaigns that WPP has been working on with the World Health Organization whilst on left Grey developed a campaign to celebrate the heroic acts, the role that no ordinary people are playing in combating the virus. And on the bottom right, Scangroup, our agency in Kenya has been working on a campaign for sub-Saharan Africa, which together with free media donated by our media partners has launched in the last week, and we'll be rolling that out actually to other markets around the world, because we are particularly concerned about the impact of the virus on developing market. That is your sense, I think, of what we're doing across people, clients and communities.

SLIDE 26

And on Page 26, our immediate focus is on that and it is on our financial resilience. We are planning market by market and thinking through when we can reopen. I would say that we will reopen gradually with the health and safety of our people as a priority, and it is a highly uncertain economic outlook. And what we find to do is balance in the -- all of our stakeholders, of our people, of our clients, of our communities, and our shareholders and navigate through this in the right way and trying to use the weapons at our disposal to do that in the best way.
I think when we think about the future, if anything the current situation is causing us to invest faster for the future. We believe that both creativity and technology will be equally and critically important in the future. There's no doubt that ideas and ingenuity will be critical. There's no doubt that the world be even more dependent on technology. And if you look at the shifts in behavior over the past four to six weeks too, I'd say very little area of economic or societal activities has been unchanged by technologies. Just think about the way we meet, way we shop, way we can shop with doctors. Some statistic saying that 45% of doctors in America are now doing consultations over the video, the way we educate - my

two kids are downstairs currently being home schooled, to everything that we do I think has been changed, and we will emerge in a world that will be very different, and we need to be all prepared for that.

Secondly, the steps that we've taken over the last two years to simplify and integrate WPP particularly the creation of the VMLY&R, Wunderman Thompson integrating this with a traditional analog and digital part of our business into integrated powerhouses that can help our clients has been important, and I think has helped us give clients the right advice over the last two months, and I think will put us in a good position in the future. And thirdly, as John said, you can we do see further opportunities for operational effectiveness and for savings as we come out of it.

And then lastly, I think is very important we are focused on the culture of WPP and purpose. While this has been a difficult few weeks from a financial perspective, we have been very reassured by the work that people are doing, the way people are working, the way our people have responded, the way our clients have responded, indeed, I think by the way society has responded. So, it is much good in what's happening at the moment despite the uncertain health and financial outlook. And I think we should take some comfort from that. So that's really our goal.

I think in conclusion, it is going to be a tough second quarter and the balance of the year is going to be uncertain; I'm sure, we'll get into that in the Q&A. But I think as a company, we are ready. We have modeled the scenarios that can come out in the future, but we do come into this situation in a very strong position financially. Thanks to the actions we've taken over the last two years to strengthen the balance sheet and provide us with the liquidity that we need. I have no doubt that those companies that come into these situations in the strongest position financially will emerge from it in the same place, and there's no doubt there will be opportunities for us in the future.

So, thank you very much for listening. And that's where we are in terms of formal remarks, and we're happy -- John and I are happy to take your questions.

Q&A

Patrick Wellington (Morgan Stanley):

Firstly, I think, John, you referred to material longer-term efficiency. Can you give us perhaps some idea of the scale of that and to what extent a new pair of eyes in this very different situation makes you look at the WPP business model, which effectively is applying staff to projects? And then secondly, whether this situation has led you to think that you could potentially further restructure your major networks?

And then Mark, I think your remarks about how efficiently and quickly your staff working just kept reminding me of the phrase faster, better, cheaper. Again, do you think there's a continuing working style change there in the future? And then finally, just on working capital reassuring in the first quarter. Can you tell us about the impact on customer payment terms whether you see any further pressure and how you see working capital going for the year as a whole?

Mark Read:

Okay. So, I'll talk to you about working and the networks, and John can talk about material, long-term efficiency and working capital.

So, I think, there's work that would have taken two to three months that we're doing in a week, and I think we are learning new ways of working and we have been learning those for some time. We've pointed out too in the past, we have a large number of people working on site in our clients. And I think, that will continue. So, I think, we will see some of the ways of working not just with working from home, but some of the faster ways of working continue in the future, and I think that will accelerate and that's a good thing.

In terms of the networks, I think the front office if you like, the way in which we go to market is substantially correct. It may need some tidying up around the edges, but I think, we want to look at sort of what I'd say the middle office - how we provide production services, media, and technology, and there will be efficiencies there. And then, the back office that John can get to, and talk to both of those. John?

John Rogers:

Yes. I mean, having -- obviously having been in the business for three months, going to take time to the head around the opportunity, but th–ere's material opportunity to simplify and make this business more efficient. And as Mark said, across the front, middle and the back office. I think much of the work has been done as Mark says on the front office, but on the middle office and the back office, I think there's significant opportunity to go after. We've talked in the past about operations across HR, finance, procurement, property, IT, et cetera as well as the middle office opportunity that Mark is just referred to.

We are actually in the process of trying to size the prize, so I can't give you details today on what we think the size of that opportunity will be, but that is work-in-progress. And once we've done that, we'll obviously report back to as to where we see the opportunity over the next three years or so.

In relation to your question on working capital, understandably, we are starting to see a few requests from some of our clients particularly those in distressed sectors looking for payment terms. We are -- as you would imagine trying to support our clients where we can. But as Mark has already highlighted much of our client base is robust in those sectors which haven't seen as big an impact in terms of COVID-19.

And in fact, we were able in the quarter to deliver on a relative improvement in working capital, actually lowering our debtor and essentially our outstanding debtors by 3 percentage points, so, a fairly good improvement year-on-year. We obviously had a very good performance at the end of last year. I wouldn't want to get drawn on whether we think there'll be a net inflow or a net outflow this year, but I don't think it would be substantive either way. And I remain confident that there is a material opportunity to deliver further working capital savings, roughly 20% of our current balances are overdue. If you look at best practice, it's in single digits. So, I remained confident there is further opportunity there. But at this stage, given all the uncertainty in the market going forward, I think it would be dangerous to try and predict or forecast what that opportunity might be. Thank you, Patrick.

William Packer (BNP Paribas):

It's Will. Thanks a lot for taking my questions. Firstly, the detail on the performance of the Chinese business has been very useful. Could you give us your view on how useful it is as a proxy for the restof the business when we look into Q2? I'm thinking of factors like relative exposure to CPG, exposure to digital marketing or versus traditional budgets and how that compares to your U.S. and European businesses.

Secondly, thanks for the detail on the cost savings. Can you just confirm your thinking around furloughing now in your key markets? We're a number of weeks into the crisis. So, can we conclude you will not use those schemes at scale? And so, the -- there isn't much upside to the potential cost savings on that basis? And then finally, any commentary on Chinese performance in April? Has it improved materially?

Mark Read: Okay. So, what I'll tackle the first question about the nature of our business in China, and then John can talk to the next one, and I'm not sure how helpful we'll be on the third. Our Chinese business is, I'd say, one data point amongst others for what happened in March. It's not the only data point. And you can look at other markets at what they do, but I'd say our business in China, it's relatively media dominated, very highly digital. But digital media, the shift is not as simple as from analog to digital. You saw that in Google's results yesterday and what they said about the outlook.

In many cases, digital can be more impacted -- easy to move, than less impacted. We do have relatively strong CPG business, but we also have a relatively strong automotive business. So, I think there's a number of things that are the same about the business in China where it operates, and a number of things that are different and I would look at it and the other market to draw your conclusions.

And John, why don't you add to that and then talk about furloughing?

John Rogers: Yes. So, it's -- obviously understand what's behind your question, trying to see whether the experience that we've seen in China is in any way likely be reflected with what we may see in other economies. And I think, the first observation to make would be there are so many factors at play here. It's very difficult to draw to many conclusions from performance in any individual one country. But what I would say is that if you look at China, clearly, we saw an impact in 25% to 30% or so in March. And we've now seen substantive recovery from that position coming through in April.

If you also look at what's happened in Western Europe, which on average has been impacted for about two weeks of March. In the main, we've seen a circa 10% to 15% impact on net sales across Europe for two weeks or half the impact of the month. So, if you sort of used very simple math extrapolated that up to a full month, you might say that doesn't look dissimilar to the experience that we've seen in China for the month of March. And what's important to highlight though is again, there are quite big discrepancies between some of these European markets. So, if you look at a market like Spain, we've actually seen reasonably robust performance. I was just going to show that it is quite variable across different markets. So, those are the facts as we see them today. Therefore, I guess it's up to you to then decide taking those back, what assertions you'd make as to what we likely to see happening across Q2.

If you looked at Italy, another example, which was closed down for most of March, we saw a downturn at 24%. So, you can sort of see the math -- broadly working out in terms of the impact that COVID-19 may have on markets overall. And generally speaking, we've seen that impact last for a couple of months, two to three months or so. So, again, you can draw your own conclusions; it's therefore what you see might happen through in Q2.

I can -- the biggest uncertainty for me is then what further happens in Q3 and Q4 and that's where it's very difficult to say. Once you -- some of the observers would say, we might expect to see a bounceback as we have seen in China, but really there are so many complex economic effects and dynamics at play. I think to try and call out Q3 and Q4 performance of the stage would be premature. That said -- we have seen, we have evidence that some degree of recovery in China. So again, we draw your conclusions from that. So, I think, I'm trying to reflect back to you what the actual facts in the data are and then you actually would then need to for your modeling purposes try and interpret those, then extrapolate forward. But clearly, it's a difficult exercise given the uncertainty within which we operate. I think in relationships --

William Packer: And just -- sorry, just to clarify I didn't miss hear something, so you -- did you say there was substantial recovery in April in China?

John Rogers: We are seeing -- as Mark has already highlighted in slide, we have seen quite a sharp recovery in relation to the economy in China. I don't want to get drawn on specifics of WPP net sales, but you've seen through Mark's slide that the economy clearly has got back to work. Now, again you need to be cautious here, because there are some countries, where economies have started to relax restrictions and have seen an increasing rise in cases. And so, there's debate in the press this morning around Germany, and it's potential to go into a further lockdown.

So, I think, we need to be cautious, but we have seen a return to economic activity. And if any rapid return in China over the last few weeks or so. As I said, I'm not going to be drawn on the specifics of WPP net sales into -- we don't want to have to do -- start reporting on the monthly basis. But there are nonetheless some encouraging signs from an economic perspective.

And in relation to your question on furlough schemes, it's our intention -- we're not at this point intending to take advantage of the UK schemes. That's not something that we plan to do. We are using furlough schemes in other geographies to some extent, so Spain and Italy, as examples. But one of our key markets being UK, we're not intending to use the scheme in the UK.

We have got -- we got lots of flexibility on other cost savings. We're looking at four day working week, we got the salary sacrifice, and indeed in a few areas we've gone towards permanent headcount, but that gives us a range of cost saving opportunities, enables us to take cost out rapidly, but also be able to respond very quickly as and when the market returns. For example, a good mechanism with a four-day week, obviously, you take the cost out pretty quickly, but if we need to step it up immediately when -- as and when the market returns, we're able to do so. So, we've got really a very flexible cost base, which will allow us to face into whatever economic scenario the market throws back at us.

Lisa Yang (Goldman Sachs): Hi, Mark. Hi, John. Thanks for taking the question. So, I appreciate that is a very lack of visibility, especially in the second half. But you did mention your model a number of economic scenarios, and detailed cost action. Just one thing, John, if you can share with us what your scenarios are like in the -- the worst case versus best case? And out of all the cost saving measures you just talked about like where do you see the most flex -- where do you see the most flexibility for this year?

The second question is on the U.S. -- was quite helpful you gave the impact of COVID in Europe in the last two weeks. Could you maybe share the same information for the U.S.? I was actually quite surprised to see U.S. is only down 4% in March. So, I'm just wondering whether it is due to the time of cancellations or the turn around your -- that has been happening for -- just progressing better than expected.

And the last question is in this environment, we're seeing more emphasis and budgets shifting to digital media and e-commerce. I'm just wondering like how do you guys think this will due to in-housing, like have you seen more or less in-housing recently and what do you think will happen going forward, and how to keep this position to capture the opportunity from that shift? Thank you.

Mark Read: Okay. So why don't I start with the in-housing question and John can take the first two questions?

So, I think that -- what I did say in our relationship with our clients is that they're much closer, I'd say, than they were three months ago. And I think, others have made same observation and I think we're talking to CMOs and CFOs and indeed CEOs of our clients in a much closer way in helping them plan what they're doing. I think clients realize the importance of the work that we do and the judgment that we have about the mood of people, the tone of the conversation and the way in which they communicate. And I also think, they recognize the value -- the stronger value of a creative idea than lots of creative ideas. I mean there's been some parodies made of some of the client responses to COVID and I think it's a careful balance between seeing to help people and doing the right thing. So, I think there is a value to my mind and having an external agency advised clients on their marketing.

At the same time, we are working faster, closer and more quickly. And I think that the fact that we're working remotely is quite frankly a lot easier, and we're jumping on video calls rather than going to meetings. We're having daily updates rather than wasting a week in a situation that's so fluid, but it's forcing us to work more. I think a large amount of that work will continue.

And my final observation would be that I think a number of clients, and we have had one or two discussion with these clients, that have in-house agencies with the fixed cost attached with them can see the benefit of having an agency partner with variable costs. So, I think that it's a spectrum, and I think in a number of cases, we actually have conversations about bringing in house agencies back into WPP. So, I don't think it's heading in one direction, and I think if anything, clients -- we work through this, will see the value in having been an independent and expert partner, and working with them and the flexibility in terms of the arrangement and the costs that that gives them, but also the access to expertise -- I mean, one of the things we've been spending most of our time with is in sharing examples and case studies of work we've seen in other parts of the world, in other regions, in other clients with our clients and the ability to give clients an insight into what's going on all over the world in other sectors, I think, it's something that an in-house agency is by definition incapable of doing. So, I remain confident about the structure of our business. There's no doubt that we'll work faster and in a more agile way, we made a lot of steps in that direction, but I remain positive.

So, John, do you want to take Lisa's other questions?

John Rogers: Yes, thanks, Mark. So, in terms of the economic scenarios that we've modeled, we've -- as we said, we've modeled a range from the most optimistic being a flat sales scenario for the year, which I think you can see is unlikely to happen all the way to the other end of the spectrum, which is a negative impact on net sales of between 35% and 40% for the full remainder of the nine months -- remainder of this year-- so, as you can see a fair range from very optimistic to very pessimistic. So, those are scenarios that we've modeled, and against each of those key scenarios, we've identified cost savings that we would take out under all these different scenarios, and have established various triggers in the business, so that we have early warning indicators as to when we would start to take those costs out. So, very clear on that against all that range of scenarios. And against all of those scenarios, we have sufficient liquidity to run the business and we are comfortable against our banking covenants. And so we've done a lot of work planning for the unknown frankly, because we don't have a clear view as to what will happen over the nine months ahead. But we are very clear, we have a view as to what we would do and how we would respond in all of these different scenarios. So, that, I hope, answers your question there.

In terms of the mix of the cost that we would take out, we've already taken immediate action four or five weeks ago to -- on the things like the salary freezing, salary sacrifices at the Board level, discretionary spending, et cetera, et cetera. And that's already -- will already deliver savings with GBP700 million to GBP800 million in our numbers.

In terms of the other levers that we are looking at pulling in on the process of implementing the part-time working, salary sacrifice across a broader community, permanent headcount reductions, again depending on the scenario that we've mapped will depend on the mixture of cost that we take out. But as Mark said earlier on the call, we've always taken the view that we want to protect our colleagues as much as possible. And not only because it's the right thing to do, but also because from a client perspective we want to make sure that we've got the resource and the capability within the business as and when the market returns.

And so, in terms of the biggest lever, we've identified the salary sacrifice across 3,000 plus colleagues. I don't think we can do much more in that area. I think the biggest lever for us will be looking at part-time working. So, moving colleagues to either three or four days at working week. And this gives us maximum flexibility both in terms of taking the cost out and taking the cost out quickly, but also, we are initiating that cost back in as and when markets do recover. So, I think we can build that flexibility into our clients.

And then in relation to permanent headcount reductions, there clearly will be some parts of our business that will decline significantly and where we will need to take out headcount on a permanent basis; and again, we're making sure as an organization, we're facing those decisions now and not waiting to take those decisions. So, hopefully, that gives you a little bit of a feel; it's the playbook that we have in operation to take costs out.

In relation to your question on U.S. performance, I think we were encouraged by performance in the U.S. market in the first quarter. I do think, it's a reflection of the actions that we've taken in bringing the agencies together. I do you think it's a reflection of starting to see a degree of recovery for our business in that market and dare I say, I think it's obviously we thought that we were on that road to recovery, and obviously, now I think that's very much changed because of the impact of COVID-19, but we saw very good performance in the U.S. from VMLY&R, Grey, and GroupM, all of who grew in the last quarter. So, I think we are quietly encouraged by the underlying performance in that geography notwithstanding the impact of COVID-19. Thank you.

Lisa Yang: Thank you. That was really helpful. Can I just have a very quick follow-up on the economic scenarios like, do you think even in the worst-case scenario, you could maintain the sort of operational drop throughs, where we traditionally see of about like more 25%, 30%. And I guess once the economy recovers next year like is it fair to assume the operational leverage will be way higher than that based on the way up?

John Rogers: Look, I'm not going to comment too much. We'll get drawn on the details of the drop through. I don't think what you're -- from what you're saying, that's -- indicatively right. But what I would say is we have that ability as I've already highlighted through part-time work, it gets cost out quickly if we need to but also put that resource back in play if the market recovers -- if and when the market recovers. So, in that sense that enables us to protect the drop through or the impact on the net sales, a decline in net sales has on the overall operating margin of the business.

Julien Roch (Barclays): Two follow-up on the cost, it seems the GBP700 million to GBP800 million is not a hard number but depending on the revenue and that you give us a very wide range of flat to minus 40% for the last nine months. But can you help us from thinking about a cost-saving range? So, I don't know maybe a level of savings at minus 5%, minus 10%, minus 15% organic or the highest or the lowest number? That's my first question.
Then the second question is on different world, big prize in terms of efficiency. I know you don't want to give a number, but should we think about potentially having higher margin in a couple of years or you rather have a higher revenue growth and invest in talent, in pricing with clients to have a faster top- line and not increased margin?

Mark Read: John, why don't you do that?

John Rogers: Yeah, I'll -- I think -- look, first and foremost, in relation to cost saving, the actions we've already taken have already in effect implemented cost savings of GBP700 million to GBP800 million. So, those are -- those actions are already embedded in our business. In terms of giving you a range above and beyond that against different scenarios, I didn't want to get drawn on all that detail.

But as I've already indicated, we've mapped out from fairly aggressive downside scenarios, purely for scenario planning purposes, and again some of those scenarios, we've identified significant costs that we would need to take out of the business against those scenarios, and that's what gives me comfort that we've got sufficient liquidity. We don't reach our banking covenants, and equally we can respond to our clients as and when the market recovers. But I don't want to get drawn to giving you all of those cost savings against respective different scenarios, safe to say that we've done all that work, and we're confident we can take costs out, should we need to. But just to be clear, the GBP700 million to GBP800 million that we've announced three to four weeks ago, those actions have been taken and are already effectively embedded into our business.

In terms of pricing -- future pricing efficiency and does that mean we have a higher margin in the future or high revenue growth, I don't think again we want to get drawn on that too much today. We know for sure that the whole -- the world's going to be a different place as we emerge from COVID-19 and the nature of our business will equally change as a consequence. And where we decide to invest and how we decide to invest in and we need to think through those plans over time. So, I wouldn't want to this point get drawn on whether we saw that going into margin or whether we saw that going into growth. Of course, in all likelihood, it's going to be a combination of the two and a balance of the two, so if we think we can deliver higher savings, clearly we want to be able to invest some of that savings back into our clients, back into better saving our clients, but as to how we would look -- I think we'll leave that for a later date. What I would say is I do think there's opportunity there; that's the real message to take away. I do think there's opportunity to take out cost; it's not a trivial exercise.

WPP is a complex business, very disaggregated business both by geography, by operating company and by clients. So, it's not always easy to be able to take the cost out, but there's clearly opportunity there. We're in the process of sizing that opportunity and we'll come back to when we're ready to talk that through in a little bit more detail is to where we see those pockets of opportunity, and the timeframe over which we think we can deliver them, but that would be for a later day. Hopefully that's helpful.

Mark Read: Yes. And I think John, to -- to add to what you're saying on the margin versus growth pressure is what, it is what we started to lay out in December 2018, as part of the new strategy. I think the target remains to get back to the 15%, clearly the timeframe of which we need to do that, it's going to be we need to look at. But I think we need to prioritize margin, we need to prioritize margin over growth in the right way. And I think that historically perhaps we got the balance wrong and we need to get that balance right.

Julien Roch: Okay. Thank you very much.

Adrien de Saint Hilaire (Bank of America): Good morning, everyone. Thank you very much for taking the questions. I've got a few please, if that's okay.

First of all, compared to some of your peers, I think you're overweight towards the CPG category, which as you said is less cyclical. I just have two questions here; why are we not seeing this in your overall, let's say, group number and perhaps? And then second question, should you then expect to outperform the competition on the way up?

Second question, you talked about a recovery in economic activity in China. But more broadly, what is normally the lag that you would expect between GDP growth and economy growth and your own fees? And thirdly, there were some press commentary recently that Google was looking to reduce marketing spending into the second half. Just curious more broadly what you think the risk is that we have not yet seen the most in the majority of marketing cuts playing out in your numbers? Thank you.

Mark Read: So, I think -- maybe I'll start and John can add to that. I think on consumer-packaged goods, there are a large number of moving parts. And I don't think you can draw one thing or another. I think that clearly CPG, technology, health & pharma, have been relatively more resilient. But as you're well aware, Adrien, we may have a higher CPG share, other companies have a higher healthcare share. So, I don't think one can draw the negative implication -- a negative implication from that; you have to look at that.

On China, and the question about GDP and our fees, I think that that -- again, I think that's a very complex relationship. And I don't think that we can give you a sort of equation to relate the two things. I think if you look back at '08 and '09, perhaps the link was slower, but I think the nature of the crisis that we are in at the moment is that everything has happened more quickly. And therefore, the timing link is much more uncertain, and I think it's uncertain in terms of how we come out the other side and depends a lot about how clients have visibility into recovery and how they plan. I think we can say from our experience in China that things do bounce back or do recover quite quickly albeit in China, we haven't yet seen it come back to previous levels.

And on the third question, I can see the commentary on Google and their plan. We're not going to comment on Google's plans and -- it's for you to ask them that question. And I think you have said that they expect second quarter to be tough and there's considerable uncertainty about the outlook for the third and fourth quarter, and I'm not sure that we can add more to that at the moment.

John Rogers: Maybe just to build on that a little bit in terms of the China question, as Mark said, I think it is very complex. But again, it's sort of dependent on the nature of the work. So, if you think for example about some of our PR work, we've seen that being robust actually impacted by COVID-19. Whereas, perhaps some of our more project related work tends to go away very quickly and then come back very quickly when the market recovers whereas perhaps the more creative side tends to be less volatile. And then you have the media spend, which sits somewhere in between the two. So, again, that's -- it's both complex by geography and both complex by the nature of the service that we're providing to our clients as to the speed with which each of those either falls away or comes back when the market recovers.

Adrien de Saint Hilaire: Thank you. Thank you very much for the answers. Actually, maybe, Mark, I have a quick follow-up on my point about correlation with GDP. Would you say that your business today correlates more or less versus the broader media and advertising market compared to the previous recession?

Mark Read: I think the level of commission versus fee in our business has clearly -- the level of commission has declined and the level of fee has increased. So, I'd say, we're less correlated directly to advertising spend. But that doesn't mean that our fees are not also correlated to advertising spend, and it's correlated to activity in the business. I think there's something there's a number of parts of our business, and if you take e-commerce, if you take marketing technology, I mean we -- as we're talking to a client earlier this week, that's a retailer and they're under some financial pressure. But they've just signed off a major marketing technology investment program, because they're convinced of the importance of putting this in place.

So, I think that you are seeing clients sort of invested in the long term, and I don't think there's a straightforward -- there's really not a straightforward -- I can say that things are more or less correlated. I think that you can see in our results that no sector or no company in the economy is not going to be impacted by this, and we try to give you as much disclosure as we can in terms of what we've seen by sector, and what we've seen by country both in a single month to give you as much sense of what's going on. And I think you should look at that and see what correlations you can draw between those monthly numbers and the GDP in those countries that -- that would might be a helpful thing for you to look at.

Tom Singlehurst (Citi): Good morning. It's Tom here from Citi. Thanks for taking the question. A couple actually; first one, there has been some -- well, there have been some reports from bodies like the IAB that the current environment is driving a sort of shift in emphasis away from performance marketing back towards to the brand and mission-related marketing, which I mean, firstly, have you seen something similar and does that have any consequences for the relative growth rates of creative versus media? That was the first question.
And the second question is on the advertising -- the competitive landscape and the outlook there. I mean, I think Lisa asked about in-housing and noticed a couple of big in-house sort of creative mandates sort of going back out, how to get in like Allstate. But I mean just vis-a-vis small ad agencies and smaller ad agency groups, is this relatively easier for them to adapt to or relatively more challenging? And what you think about the potential for consolidation longer-term on the back of what's happening to the sort of smaller scale competitors? Thank you.

Mark Read: Yes. I think -- thinking about the COVID -- made by the IAB, there has been a shift from performance to brand. I wouldn't say -- I wouldn't look at it like that. I'd say that clients are focused on driving ROI. Depending on the client situation, there are different ways of driving that ROI. If a client has something relevant to say for his customers about purpose or about brand, I think, this is a good time for them to communicate it and they would do that through brand channels.

I think at the same time, if there are clients, who are able to sell online, then they will shift, they will spend money behind performance media. And there are a number of clients, who are not able to sell online, who are not able to trade at all and who will clearly cut their spend. So, you saw in the comments about Expedia, and Booking.com and what they're spending on digital media. So, I think, you are seeing within performance media, the divergence by sector and I think again, with brand media you're seeing a divergence. And I don't think it's a straightforward to say that clients should continue to spend through downturns.

But I do think that there are clients that can drive ROI by communicating at the moment. I don't think you have seen some companies take advantage of their competitors being silent of the spend. I think those companies can drive sales will do best. And that being said, given all of the innovation going on in the world, if I were a client, I will be trying to figure out what's going on, how consumers are behaving, how they will spend and try every innovation possible to figure out, when things come back, how can I benefit from --on the upturn, so that's how I think about shift in media.

From a competitive perspective, I think there'll be a premium in the future, I think in society, in general on resilience, there's been a lot of coverage in the press about leverage, about optimization, about efficiency and about building stronger buffers and stronger stocks, bit like we had if you think about it during the financial crisis and I'd say one of the WPP is fortunate in some respects going into this, but most of our clients are large and well capitalized companies and that they will come out the other side of this in a stronger position.

So, I think that there is a premium on the resilience, financial resilience and operational resilience and to some extent that comes with size and the smaller companies can be more challenged. And I'm sure just as in previous downturns, we had a degree of consolidation amongst the smaller companies. We may see a degree of consolidation amongst the smaller companies -- and I wouldn't like to comment on that further.

Tom Singlehurst: Okay. That's very clear. Thank you.

Matthew Walker from Credit Suisse: Hi, and thanks and good morning, everyone. Just really, following up on some of the previous questions to be honest, the first one is on China; you talked about a substantive recovery in April. I guess for the avoidance of doubt, I wasn't entirely clear, but I could have missed something. Does that mean that April is less negative than March or does it mean that it was up year-on-year? And if it was, is that related to pent-up demand, stuff like the auto, sales, et cetera? If you could just be a little bit clearer around that.

And then the second question is back on the working capital. You highlighted that some of the weaker sectors that asked for extension of payment terms. But a lot of the trade press has been talking about even quite powerful companies, who are not in the vulnerable category making demands for quite significantly extend the payments on. So, the ambition to get better on working capital year-on-year is great and laudable, and you have done it in Q1, but could you just explain the disconnect there or the apparent disconnect there, because there does seem to be one based on many different trade press surveys, which I guess could be wrong, but maybe interesting to know what you're doing differently or why you are so confident?

Mark Read: Okay. Well, I think we've given pretty extensive commentary on China. So, to clarify the point, I think we'd say, a recovery would be less negative, but John could add anything if he wants and also put you on working capital and what we're seeing from clients.

John Rogers: Yes. I think, we said it on China already. I think we need to be careful not to get carried away. What we're saying is we've seen a rapid economic recovery, but it hasn't gone back to previous levels and so that's clearly a less negative as opposed to a positive and there's still significant uncertainty going forward. So, we need to be careful. We don't get too carried away.

In relation to working capital, we don't -- we haven't sort of shared your observation that we're getting the request for extended payment terms from those businesses that are on under sort of financial distress and pressure. We could -- we just haven't seen that in our business. Now that may occur over time and -- but I think we've done a sensible job of holding the line and being firm in relation to our payment terms, where we need to be, but equally recognizing, where we can support our clients being appropriately flexible. But I don't recognize the broader trend that you're calling out. We have had some requests in from some of our clients and they will be in the obvious -- the obvious clients. But not more broadly across the board. And if we were to receive such requests, I think we would -- defend them robustly, unless we saw an underlying need to have to support that particular slide.

Mark Read: I know you asked that question, but I didn't remember you -- but we've seen extensions either, so --

John Rogers: All right. So, just to be clear as well, we have the ambition -- in a steady state world, we have the ambition to improve our working capital position and there as an underlying opportunity to do so; that's absolutely clear.
What is also abundantly clear is, we're not in the steady-state world, and so -- and we deliberately removed guidance for the remainder of this year because of that uncertainty. So, I don't want people to sort of say, we have an ambition to improve our underlying working capital position. We have plans in place to absorb stresses in terms of pressure on our working capital, but to be absolutely clear, the next nine months remains uncertain. And we will have to manage our way through that carefully.

Richard Eary (UBS): Many thanks. Good morning, Mark, John. Firstly, I hope everyone is well. Just sort of one major question for me, which is sort of more qualitative, which is just -- what you provided, has been great in terms of color. I just wanted to try and actually look at maybe qualitatively on what you're seeing in demand for services and products, and whether there's been any sort of surprises either positive and negative that has come out in terms of demand for specific sort of services that you offer from the group. So, whether that's media, creative, planning, digital, I mean, you talked about PR has been probably more defensive. And I appreciate, it does vary from clients, but I just wonder whether you can add any more qualitative color for us?

Mark Read: Yes. I think, I make a few observations; one is when I talk to our people, I'd say they are busier than ever and I have that sense across the company. When we sent everyone home, if that's the right term on March 16, I was concerned about the business's ability to maintain the tempo and the speed of operation with everyone working at this time. And I have to say, while it's not easy to people managing, I have been really impressed, and I see -- I've noticed no kind of downturn in the level of activity, and people are -- tend to be busier than they've ever been and am I saying that's true in our media businesses, where people have been tremendously busy helping clients shift to media commitments into higher ROI channels or moving them around on the year basis or looking at extending terms or picking through, what they're going to do on sports.

I'd say, public relations businesses, probably busier, helping clients, communicate with their people, communicate with their customers, our e-commerce activities are busier. Our production businesses have been extremely busy getting work out, and you saw sort of the collage of the work. And if I think across our top 10 clients, I would say most if not all of those clients have launched some kind of new brand campaign or purpose-driven brand campaign on television in the last six weeks at record speed to talk to their customers about what they're doing. Our production business has been extremely busy and Hogarth has been a very valuable asset for us both in its ability to use technology and to operate around the world, and we can now make commercials in China for example that we can use another market. So, it shows the value having a global capability.

Using our brand identity agencies that are very project driven, we've seen actually clients come to us to say we'd actually have some time with our hands at the moment and we'd like to tackle our big brand question that we haven't tackled so far, so we will do this. So, it's really interesting -- a shopper marketing businesses are seeing promotions canceled that they're doing at the moment, but -- other clients thinking about promotions for the Fall that have quite long lead time. So, I'm not trying to say that our revenue is not impacted. And clearly, our revenue is impacted, and the overall level of revenue is impacted. But I think the people are busy and it's really a matter of changing emphasis from the stages of you could -- you asked the questions of planning what you can do the sustaining activity then you're planning, but how you come out the other side.

So, I think that -- and then the last comment I'd make is the high degree of collaboration that we've seen across WPP. One of our goals is to ensure that WPP operates as a company with a strong WPP, but also with a strong AKQA, a strong Ogilvy, a strong MediaCom, a strong Mindshare, and I think we are seeing that and the executive committee, we met in India just before sort of the world lockdown. We had time both to meet together as a group and plan our response -- Professor Piot is the scientist that discovered Ebola, talked to us about Coronavirus. And this is very early in March. So, we had a good sense I think what was about to happen. And I think that has helped us plan our response. And I think, having that group of people work together as a team, has made our response much more effective and much more coordinated, and using the technology to be in touch with clients, and it's actually remarkably efficient, remarkably effective.

So, I think it is very impressed by the way companies operated by how our people have stepped up, that the quality of our creative work has not -- I don't think suffered; if anything, we've seen fantastic creative work take place at the moment. And also, we're in constant touch with our partners, I was on the phone last week with the CEOs of two or three of our major technology partners talking about ways in which we can work with them, ways we can approach clients jointly with opportunities, thinking through how they respond to commerce channel, which is much, much higher on the agenda of all of our clients at the moment. I think there's a lot of -- I don't see it as work opportunities. It feels like the time to double down a lead into the strategy that we devote, not so much what we intend to do.

Richard Eary: Thanks, Mark. Can I just -- can I simplify that and say that -- I was just wondering that if you look back a bit from today from where you were sitting several month ago, would you say that the business is being more defensive than you thought and that's a good thing? Admittedly it does vary by sectors.

Mark Read: I think we're trying to draw into financial conclusions that I think we've covered at length on this call. I wouldn't want to add to that in a way to confuse them. I'd say that the business is operated very effectively, but I think I am more persuaded that what we do is valuable to our clients. And that there are going to be bigger opportunities when we come out of this to help clients, navigate and innovate and connect with consumers in new ways. I think that's what I would say.

Richard Eary: Okay, that's helpful. Thank you very much.

Mark Read: Okay. Thanks very much, everyone. I think, with those questions that enabled us so we can summarize how we see the situation clearly. So, thank you all for listening and John, myself, Peregrine, Fran, and others are available to take questions.

[END OF TRANSCRIPT]