

CHIEF EXECUTIVE'S STATEMENT

We have made significant progress on our strategy, with stronger agency brands, new leadership, a simpler structure and a healthy balance sheet.



"OUR COMPANY'S PERFORMANCE HAS BEEN REMARKABLY RESILIENT, THANKS TO THE EFFORTS OF OUR PEOPLE AND THE DEMONSTRABLE VALUE OF WHAT WE DO FOR OUR CLIENTS."

2020 was a tough year for everyone, including our people as they faced the personal and professional challenges of Covid-19. Since March 16 last year, most of them have been working, for most of the time, from their homes – and dealing with all the difficulties this brings. Their commitment to our clients, support for one another and contribution to the communities we serve have been a constant source of inspiration and pride.

Our Company's performance has been remarkably resilient, thanks to the efforts of our people and the demonstrable value of what we do for our clients. While revenues were significantly impacted as clients reduced spending, particularly in the second quarter, our performance exceeded our own expectations and those of the market throughout the year.

The actions taken during 2018 and 2019 to streamline and simplify WPP, and the reduction in our debt to sustainable levels

from the £3.5 billion raised by asset sales, meant that we entered 2020 in a strong financial position.

In March 2020 we took action to strengthen our business further, including the suspension of the Kantar share buyback scheme and final dividend for 2019, and a comprehensive programme of cost reduction and cash conservation initiatives, with the aim of protecting as many jobs as possible. More than 3,000 senior executives, beginning with the Board and Executive Committee, volunteered to take a 20% cut in their fees or salary for a three-month period.

We saw five years' worth of innovation in five weeks as society and the economy were digitised at amazing speed. Platforms like TikTok – with whom we signed an exclusive global partnership at the beginning of 2021 – saw record growth. It quickly became clear that the pandemic was accelerating the trends on which we based our vision for WPP, from the explosion of ecommerce

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and digital experiences as people's lives went online, to growing demand from clients for simple, integrated solutions that combine outstanding creativity with sophisticated data and technology skills.

Having modernised our client offer, simplified our structure and strengthened our agency brands in the 18 months before the pandemic began, we saw the benefits of this acceleration in parts of our business.

And because we have such close relationships with the world's leading companies, we could understand their requirements, react quickly to changing consumer behaviour and deliver what clients need. Being fast was vital, and work that might have taken weeks or months to conceive and produce before the pandemic was turned around in days or even hours.

We had a very positive year in terms of client retention and business development, winning an industry-leading \$4.4 billion¹ in net new business during 2020 with clients including Alibaba, HSBC, Intel, Uber and Unilever. Our client satisfaction scores continued to improve as we were recognised for our capabilities in experience, commerce and technology, alongside our classic strengths in communications. During 2020 we worked with 76 of our top 100 clients on ecommerce assignments.

A RESILIENT PERFORMANCE

Organic growth (like-for-like revenue less pass-through costs growth) for the full year was -8.2%, while reported revenue fell by 9.3%. We saw a sequential recovery in organic growth following the initial lockdowns: -15.1% in the second quarter, -7.6% in Q3 and -6.5% in Q4.

Headline operating margin in 2020 was 12.9%, down 1.5 margin points on the prior year as cost savings of over £800 million offset the majority of the revenue declines. In the second half of the year headline operating margin increased by 0.5 margin points. Reported loss before tax was £2.8 billion, reflecting £3.1 billion of impairments, while net debt at 31 December 2020 was £0.7 billion. This was better than expected and down £0.8 billion year-on-year, as a result of continued strong working capital and cash management.

PLAYING OUR PART

While our industry is not on the front line of tackling the pandemic, we do have an extremely important role to play in shaping consumer behaviour and actions. During 2020 we worked with governments, commercial clients, NGOs and international health bodies to produce public awareness campaigns to help limit the spread and impact of Covid-19.

WPP supported the World Health Organization globally and regionally on a pro bono basis, leveraging the scale and expertise of our agencies to help the WHO reach the public with its vital communications promoting social distancing and good hygiene. GroupM secured and delivered more than \$45 million in advertising space and pro bono work to support WHO campaigns. As scientific breakthroughs gave us a glimpse of the light at the end of the tunnel, many of our agencies added their creativity – and their skills in media, public relations, healthcare communications, data and technology – to the efforts to roll out and build public confidence in vaccines, again working with a range of public and private sector organisations.

PEOPLE AND PURPOSE

The exemplary way in which our people responded to the pandemic was another reminder of our most important strength. Our people are our Company: 100,000 skilled and motivated professionals dedicated to serving our clients, increasingly fired by a sense of purpose and determined to make a difference in the world.

While our Company comprises strong agency brands with their own rich histories and cultures, we have worked in a far more collaborative way over the last two years. We now share in a common purpose, which is to build better futures – for our people, for the planet, for our clients and for the communities in which we live and work.

That purpose, and that sense of commonality, was put to the test in 2020 as the killings of Ahmaud Arbery, Breonna Taylor and George Floyd sparked protests around the world and forced institutions and leaders of all kinds to confront profound questions about their role in the enduring and deep-seated inequalities faced by Black citizens.

¹ Billings as defined in the Financial Glossary on page 225.

OUR PURPOSE



People



Planet



Clients



Communities

Our purpose is to use the power of creativity to build better futures for our people, planet, clients and communities. In 2020 we made progress in each area.

For our people, we made a series of commitments to tackle racism and invest in Black talent; continued to improve gender diversity, particularly at leadership levels; expanded our development programmes; and delivered a range of new wellbeing resources and initiatives.

For the planet, we committed to setting a strategy to achieve net zero emissions in our value chain by 2030. We continued to reduce our owned emissions and obtained more of our electricity from renewable sources.

For our clients, we were a trusted partner during the pandemic: helping them **react** by adjusting their marketing spend and communications with customers; **recover**, by getting back to business; and **renew** their marketing and business models in preparation for a post-Covid world.

And for our communities, we played our part in the fight against Covid-19 by working with clients, governments, public health organisations and NGOs, often on a pro bono basis, to provide communications and other services to help limit the spread of the virus.

At WPP thousands of our people took part in "safe room" meetings to share their thoughts, fears and hopes for the future. These were raw and deeply moving events that delivered an urgent, impassioned and crystal-clear message: we need to do so much more – as individuals, as a Company and as an industry – to tackle systemic racism and to invest in the careers of our Black colleagues.

In June we announced a series of commitments designed to use our creativity, our scale and our influence to bring about change. These were to implement the 12 actions called for by more than 1,200 Black advertising professionals in an open letter to the industry (including conducting a fundamental review of our hiring, retention, promotion and development practices and publishing our workforce diversity data), to use our voice to advance racial equity, and to invest \$30 million over three years to fund inclusion programmes within WPP and support external organisations.

We also formed WPP's first Global Inclusion Council to work with me and the rest of the Executive Committee to help us deliver these commitments. We have made progress towards our goals, which you can read about on page 49 of this report. At the same time, we recognise that we still have a huge amount of work to do, and that real change will require sustained effort, focus and vigilance.

INVESTING IN CULTURE

Ensuring everyone who works within WPP experiences an inclusive and equitable culture is one of the cornerstones of our strategy. Our aim is for WPP to be the employer of choice *for all*.

We have made significant progress in driving gender equality, with women now representing 51% of our senior managers. At the most senior executive level, this figure is 40%, up from 37% in the previous year, and our aim is to achieve parity. We have increased the proportion of women on our Board to 43%.

In 2020 we were named a *Forbes* Top 20 Employer for Women in the United States, and in 2021, an industry leader in the Bloomberg Equality Index for the third year running. Our UK gender pay gap narrowed

between 2019 and 2020, but for as long as there is any gap, we cannot, of course, be satisfied.

We are working hard to improve in all aspects of diversity, equity and inclusion (DE&I) at WPP. Success relies on accountability so, for the first time, we have included DE&I goals in the remuneration plans of all senior executives, beginning in 2021. In 2020 we rolled out mandatory inclusion training for all our people, and this year we are launching a new Inclusion Index to better understand our people's experience of belonging at WPP, as part of the first pan-Company employee listening programme.

We are placing DE&I at the heart of all our talent processes, using analytics to inform a more inclusive employee experience, and identifying and supporting diverse early-career talent. We have also formed partnerships with leading inclusion and diversity organisations such as Unstereotype Alliance, The Valuable 500 and the LAGRANT Foundation. For more on these and other initiatives, please turn to the People section of the Strategic Report from page 46.

A SUSTAINABLE FUTURE

Although WPP has been cutting carbon emissions since 2006, we know we all need to accelerate the pace of change. In 2020, we amended our purpose statement to make it explicit that our commitment to the planet is integral to our business. We have since committed to reach net zero emissions in our operations by 2025 and in our value chain by 2030.

A significant challenge for reducing carbon emissions is being able to measure them with confidence, but we are determined to use our buying power to work with suppliers to develop more robust protocols for measuring emissions in our supply chain. This work will benefit our whole industry and, with it, our clients and the wider public. As we help to develop better measurement, we are also taking action, for example as a founding member of AdGreen, a new industry initiative to eliminate the negative environmental impacts of production.

For full details of our sustainability strategy, see page 66.

**"OUR AGENCIES ARE
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ACCELERATING OUR GROWTH

In December 2020, two years on from the launch of our strategy, we held a Capital Markets Day to provide an update on progress and to outline our plans to accelerate our growth.

Over the last two years, we have radically simplified our Company. We have fewer, stronger agency brands, better positioned to grow and fully equipped with the capabilities – from outstanding creativity to technology and data expertise – that modern clients demand. We are continuing to align our creative and digital credentials by bringing together AKQA and Grey; we are creating an ecommerce powerhouse by moving Geometry into VMLY&R to form VMLY&R Commerce; and we have merged three of our public relations agencies to establish global strategic communications firm Finsbury Glover Hering.

Our agencies are the platforms for our future growth: our integrated creative agencies, with their excellence in digital communications and increasingly important skills in experience and ecommerce; our industry-leading media agencies, which continue to dominate new business rankings and have been the engine of WPP for many years; our public relations agencies, whose role has been so critical for clients during the turbulence of the last year; and our specialist agencies, which provide a range of services to meet every client need.

By investing more in our agencies and their capabilities, we aim to return our core communications business to sustainable growth while expanding further into the high-growth areas of commerce, experience and technology, which we expect to increase from 25% of our business today to 40% by 2025.

We will also leverage our global strength and increase our focus on high growth potential markets, such as China, India and Brazil.

This investment will be funded by gross annual cost savings of around £600 million by 2025, delivered through a Company-wide transformation programme that will make us more effective and efficient as we share resources more systematically across the Company. Approximately two thirds of the savings will be reinvested in people, new capabilities and technology.

You can read more in the Chief Financial Officer's statement on page 58.

THE WORLD'S MOST CREATIVE COMPANY

In 2020 we were honoured to be named most creative company of the decade by the Cannes Lions International Festival of Creativity. But we are setting our sights even higher. Our ambition is to be known not only as the most creative company in our industry, but on the planet.

WPP already has one of the world's largest concentrations of creative talent in a single organisation. With the help of our new Global Chief Creative Officer, Rob Reilly, who joins us this year, we intend to turn that collective creative firepower into even greater success for our clients and our agencies.

Ultimately that success depends on our people, and we have no more important task than to invest in a culture that attracts, retains and develops the most talented in and beyond our industry, and that reflects our values of openness, optimism and a commitment to extraordinary work.

I'd like to thank everyone at WPP who, during these exceptional times, has helped to bring that culture to life.



Mark Read
Chief Executive Officer
29 April 2021