

INVESTMENT CASE

The unrivalled combination of our deep client relationships, global scale and value-creating growth strategy underpins the attractiveness of our investment proposition.

In 2020 the attractiveness of our investment proposition was demonstrated by our performance, which exceeded both our own expectations and those of the market. Against this background, at our Capital Markets Day in December we established a set of stretching medium-term financial targets.

FINANCIAL TARGETS AND PERFORMANCE

	Revenue less pass-through costs growth	Operating margin	Capital expenditure	Average net debt/ EBITDA
2020 actual	-8.2%	12.9%	£273m	1.6x
	mid-single- digits percentage	13.5-14.0%	£450-500m	1.5-1.75x
2021 targets				
2023 targets	3-4%	15.5-16.0%	£300-350m	1.5-1.75x

i Read more about our outlook and guidance on page 65

- 1 **DEEP CLIENT RELATIONSHIPS WITH LEADING GLOBAL BUSINESSES**
- 2 **UNRIVALLED GLOBAL REACH AND SCALE**
- 3 **ATTRACTIVE AND GROWING ADDRESSABLE MARKETS**
- 4 **SIGNIFICANT STRENGTHS IN TECHNOLOGY AND DATA**
- 5 **A STRONG FINANCIAL POSITION**
- 6 **VALUE CREATION FROM STRATEGIC PLANS TO ACCELERATE GROWTH**

¹ Guidance as published in 2020 interim report.

DEEP CLIENT RELATIONSHIPS WITH LEADING GLOBAL BUSINESSES

- Partner to most of the world's largest companies, including 325 of the Fortune Global 500
- Strong and unique CEO, CMO and CIO relationships
- Global Client Leaders, providing easy access to the breadth and depth of WPP

31%

of our revenue less pass-through costs comes from our top 30 clients

8.1

Average client satisfaction score (out of 10)

UNRIVALLED GLOBAL REACH AND SCALE

- A global network of leading agencies, providing unrivalled geographic reach
- Home to GroupM, the number one media-buying operation globally, providing value and premium inventory
- Present in 111 countries worldwide, providing deep in-market expertise

111

countries in our global network

\$60bn+

GroupM annual media investment

ATTRACTIVE AND GROWING ADDRESSABLE MARKETS

- Extended offer to high-growth areas of commerce, experience and technology
- Repositioned traditional communications offer to faster-growth digital communications
- Over half of revenue is from companies in the consumer packaged goods, technology and healthcare & pharma sectors, which were the least impacted by Covid-19
- Strong exposure to faster-growing economies such as China, India and Brazil

41%

Digital % of GroupM billings (+4ppt YoY)

10% pa

client spend growth expected in commerce, experience and technology sectors

SIGNIFICANT STRENGTHS IN TECHNOLOGY AND DATA

- Scaled global partnerships with 25 leading technology companies
- WPP Open, our common data and technology platform for sharing innovations across WPP and its strategic technology partners, agencies and clients
- Deep specialisation in technical capabilities in advertising and marketing technology
- Distributed innovation throughout our agencies

\$10bn

of client billings across Google, Amazon and Facebook

21,000+

technology partner accreditations and certifications earned

A STRONG FINANCIAL POSITION

- Diverse revenue streams from a balanced global portfolio
- Resilient revenue streams from a varied client base that covers all business sectors
- Predominantly variable cost structure, which protects profitability during a downturn
- Strong balance sheet and ample liquidity due to strong cash generation and over 60 disposals

£6.4bn

of total liquidity including £4.3bn of cash

12.9%

Headline operating margin

1.6x

Average net debt/Headline EBITDA

VALUE CREATION FROM STRATEGIC PLANS TO ACCELERATE GROWTH

- Expanding further into high-growth areas, from 25% of our business today to 40% by 2025
- Targeting annual gross cost savings of £600 million by 2025 and reinvesting £400 million into talent, technology and incentives to drive growth
- Intention to grow dividend annually with a pay-out ratio around 40% of headline EPS

£3.5bn+

cash from >60 disposals

£600m

approximate annual cost savings expected by 2025