

WPP webinar Hosted by GroupM

Transcript

Thursday, 27 May 2021



WPP webinar
Hosted by **GroupM**

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27 May 2021

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Introduction

John Rogers

CFO, WPP

Hello everyone. And thank you for joining us and welcome to this second in our webinar series designed to give you a deeper dive on the drivers of growth at our agency level. Today, I'm delighted to introduce GroupM, our media business led, of course, by Christian Juhl. Investors often ask us about the impact of digital disintermediation on our media business, believing that our media businesses have been significantly negatively impacted by the rise of digital platforms, such as Google and Facebook, etc. But actually there's really no evidence that supports that. And as we showed you back at our Capital Markets Day in December, GroupM has continued to grow strongly throughout the migration to digital growth both in sales terms and that's actually also held margin, if not slightly improved margins over the same period. And it plays a huge role in advising clients and optimising campaigns, both within digital and across all platforms in a very integrated way.

We've also led on programmatic marketing through Xaxis and now leading on connected TV through Finecast. So while people often think about GroupM as very much a scale story, it's also one of enduring growth and actually value add for our clients. So this theme of growth through constant innovation is one that Christian, Demet and Kirk will pick up in their presentation.

So I'd like to hand over now to Christian to take you through the GroupM story and answer any of your questions. Thank you.

The slide features a teal background with several overlapping circles. The text "WPP WEBINAR HOSTED BY GROUPM" is prominently displayed in white. The date "MAY 27 2021" is in the bottom left. The GroupM logo is in the top right. Three circular portraits of speakers are shown at the bottom, each with a name and title below it.

**WPP WEBINAR
HOSTED BY
GROUPM**

MAY 27 2021

groupm

CHRISTIAN JUHL
GLOBAL CEO

DEMET IKILER
CEO, EMEA

KIRK McDONALD
CEO, NA

Overview of GroupM

Christian Juhl

Global CEO, GroupM



TODAY'S AGENDA

- 1 Marketplace Perspective
- 2 Business Overview
- 3 Growth
- 4 Q&A

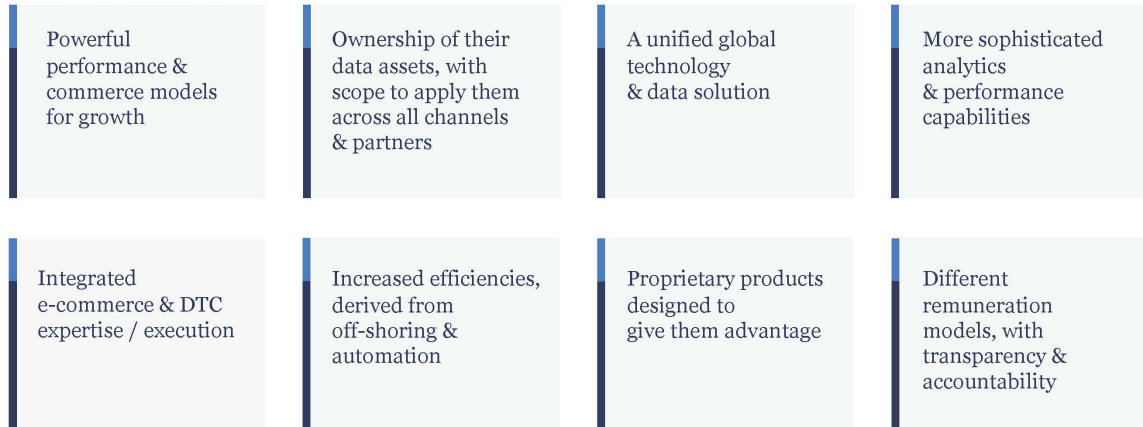
Thanks, John and hello everybody. Nice to virtually meet you. Thanks for the opportunity to present GroupM's story. I'm going to spend a bit of time and turn over to Kirk and Demet to share some of the examples and some of the areas we're growing the business, but I'll start by talking through a bit what we're seeing in the marketplace. I'll give you an overview then of how GroupM has responded to that, and then talk about where we're seeing areas of growth. And then, of course, turn it over to Q&A.



So first on the marketplace perspective, I think most of you know I took this job about two years ago now. When I first took it, I came in with a perspective, after running Essence for the last six or seven years, of the digital dynamics that were shifting. And some of the trends that John's talking about right now of disintermediated supply and the shift from analogue to digital, what that means in terms of how we fulfil supply, and those things were very pressing in my mind.



WHAT ADVERTISERS ARE LOOKING FOR TODAY



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As we went and talked to clients, what became evident is there were really eight key trends that are happening in the marketplace right now that we need to orient GroupM, around in order to be future-proofed and ready for growth. They're all looking for powerful performance and commerce models, so how to actually drive direct-to-consumer. This isn't a totally new trend, but what is new is that now you're seeing the likes of P&G and Unilever and Ford and everybody else trying to figure out how to get direct to consumer and how to build powerful commerce models.

The battleground around data assets is massive because it's really the fuel that powers the performance and commerce model. So how people are actually – they need to stop thinking about acquiring data, but actually earning data from their customers, developing programmes and putting CRM programs in place so that they can actually earn and harvest the data. And then use agency partners to augment that to do modelling is a very, very – it's an active battleground right now between the holding companies and agencies and data companies, but very, very important. And you'll see a little bit later as Kirk talks about Choreograph, what our response to that is.

Not surprising at a company like WPP and then GroupM with 36,000 employees and more than 80 markets around the world, there's been a lot of acquisitions. A lot of those companies historically have had different IT systems, different technology systems. Clients want instant reporting, live reporting. They want instant information on how markets are responding around the world. That requires a unified global technology and data solution. So we have to rewire GroupM on singular system, singular technology, and that unlocks the power of automation and machine learning and all the things that you read about once you have that common OS (Operating System), analytics and performance capabilities, and this ties very heavily into the performance and growth models, but we have to invest more heavily

in data scientists, in the folks that are actually looking at modelling, setting up scientific experiments, learning agendas, these types of things that allow our clients to really test and learn their way into success in marketing.

You hear some of our agencies in the past, when we talked about the idea of brand marketing and performance marketing, and those two were separate things; your brand, the demand and upper funnel, lower funnel. That conversation is obsolete at this point. Everybody wants integrated commerce and DTC expertise and execution. And they don't want it just from GroupM. They want it across WPP as a whole. How you earn the data, how you then activate, how you manage sales, how you shift dollars from retail into marketing and into eCommerce, that's a very fluid migration right now that needs to be managed carefully.

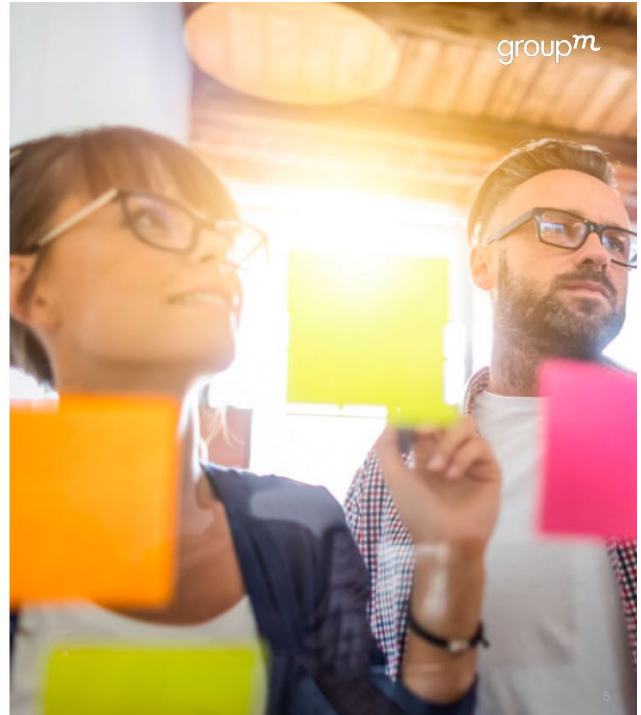
I mentioned the idea of efficiency for off-shoring and automation. There was a time I think when some of our competitors were using that as an advantage for margin. Now, it's the entry game. So how we build our continued expansion and hubs in Bogota, in India and China, a lot of work to be done around that, but very happy that we've got three hubs up and running at this point. We'll continue to push forward for that and I think it will help us both on the economic side to stay commercially competitive, as well as an opportunity for us to increase efficiency and margin. So I think there's a double hit there.

The proprietary products, these are things like Xaxis and Motion and Finecast. These are actually strong products. They use our scale to our advantage. They provide value to our clients. I think the thing that's most important for us is that we really show our clients the value they bring. We test them against other market-leading competitors in that space and we show the value. And I liken this a bit to, if you think about a Goldman Sachs or something like that, where you invest with a bank and you get access to their particular products. That's the same with us. So if you come with GroupM you get access to these things that are really unique in the industry and leverage our scale to help people get first access.

And then finally we have to be able to be paid in different ways than we are today. The idea of fees or commissions, I think we've got to be able to move to outcome-based models. We've got to be able to take more risk in the marketplace. All of those things require a different level of flexibility in terms of how we actually perform in our contracts.

So those are the top eight things that we're trying to deal with right now.

BUSINESS OVERVIEW



groupm

WHO WE ARE

**GroupM is the world's
leading media
investment company.**

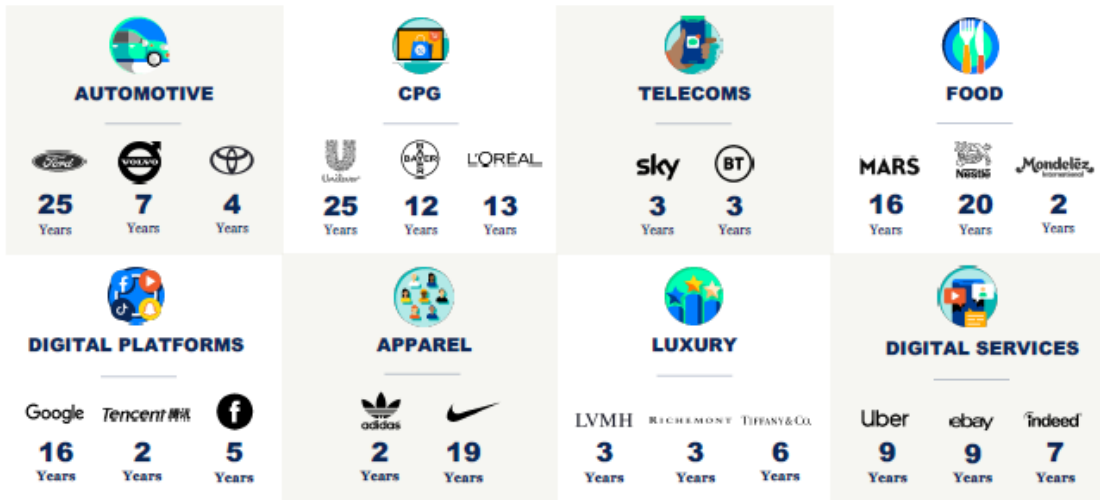
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So we looked at that, we said, okay, let me just look at what GroupM actually stands for overall. And when I say GroupM, in this case, it's all 36,000 employees with the agencies, the middle layer at GroupM and the back office. We're the world's leading media investment company.

If you go to the next slide, you've got this idea of unparalleled global scale. So you've got 36,000 employees, we're over \$60 billion in billings right now. You've got the number one agency group in 61% of all markets, you've got top 2 in 80%. When you look at our global scale, and really anchored in APAC where we're by far stronger than our competitors, it's an impressive network with massive scale that really provides a significant advantage in the world today.



LASTING RELATIONSHIPS WITH 80% OF THE WORLD'S BIGGEST ADVERTISERS



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When you look beyond that, you're immediately struck by the relationships that we carry across almost all industries. And we saw this through the pandemic and the reaction where GroupM fared pretty well. Certainly some industries got hit beyond others, but when you look at the overall ability of this business to be resistant – you've got automotive, CPG, telco, digital services, luxury apparel, digital platforms, food. Across the board, we're working with some of the leading brands in the world and we're working with them for a very long time. So if there's a review, GroupM is in it. If there's a major conversation with any of the platforms, GroupM's driving it. We are the voice of the industry in this, and that's quite a privilege and quite a responsibility to be honest.

**WE'RE THE #1 PARTNER TO THE WORLD'S
LEADING PLATFORMS**

groupm



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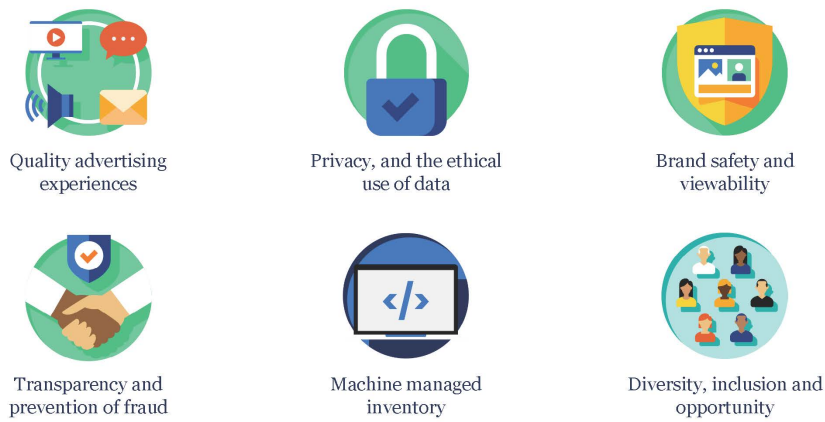
I mentioned this in terms of the partners, but when you look across Google, Facebook, Facebook, Amazon, Snap, LinkedIn, Alibaba, and on and on and on, we are the number one buyer in this space on a global basis. And that gives us scale in terms of pricing and power there. But it also, more importantly, in the current era, gives us access to all the new data, the new technology, the new partnerships, it helps us shape policy. I think we have a significant advantage on our competitors, and certainly against any of the smaller competitors that have emerged, when you're meeting with top-to-tops with every one of these companies on a regular basis to discuss roadmap, what's happening in privacy, how we're thinking about sharing data, how we're thinking about helping our clients succeed on their platforms. It's a significant reason that clients choose GroupM and that advantage we'll continue to press.



So I mentioned this in terms of our responsibility, but I really believe that as the leader, we have a duty to shape our industry for the better. And I think GroupM, for many years, was known as big, and that was fine. We got a lot of value out of the marketplace in terms of discount. But I think right now, when you're seeing employees, clients, what's happening with D&I around the world, clients and the employees want to understand what do you believe, what do you feel your duty is?



And for us, I think it's really about this idea of making advertising work better for people, and that that's our responsibility in the marketplace all together. And we changed this to be our mission statement. We're helping to create a new era of media where advertising works better for people. And I think this is about creating better personalisation experience, less fraud, more environmental responsibility, more ethical use of data.



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And we've laid these out in six key pillars for our organisation, that amount to:

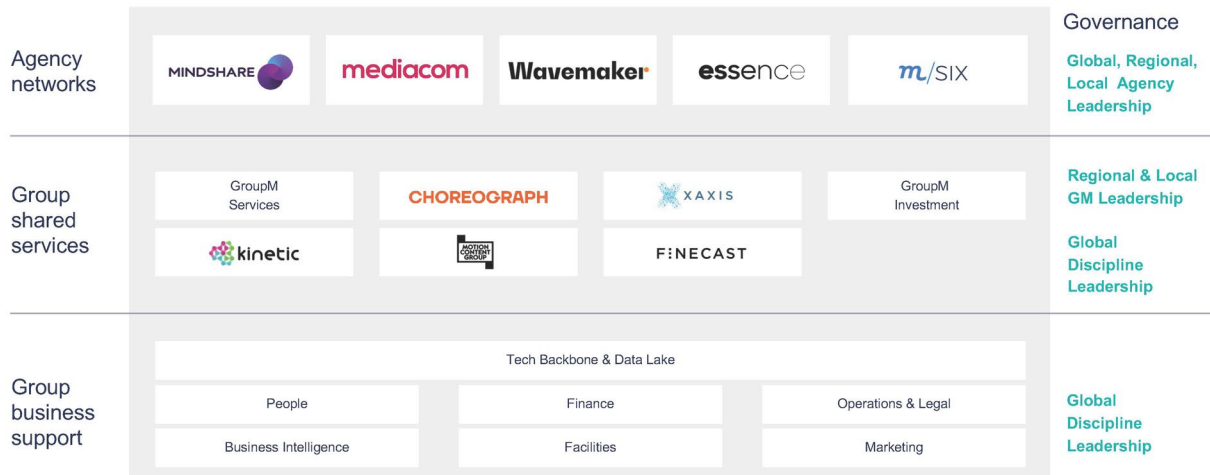
- Quality advertising experiences
- Privacy and ethical use of data
- Brand safety and viewability
- Transparency and prevention of fraud
- Machine-managed inventory
- And then, of course, diversity, inclusion and opportunity on a broad definition.



So, to do all this, we started on a pretty ambitious three-year plan about 15 months ago to re-engineer GroupM top to bottom.



PUTTING IN PLACE A CONSISTENT, SIMPLE OPERATING STRUCTURE



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It looks like this, and this is a bit of insight, so I won't spend too much time on it. But if you'd looked at a slide group five years ago, you would've seen GroupM at the top as a parent organisation, the agencies underneath them, and some back office stuff that we didn't really talk about all that much.

When I first came in, I said we have to make sure the GroupM is delivering a service layer and a consistently differentiated best-in-class methodology that serves up to the agencies so they can differentiate and win with the clients. And it was a simple shift, but subsequently, I think almost all of our competitors had moved to the same model.

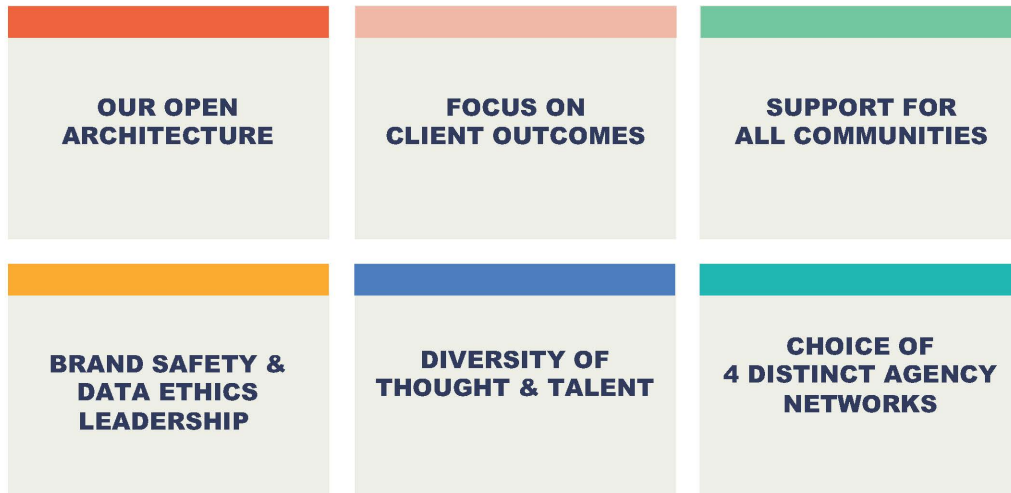
And the easy example to give you is something like search marketing. There's really only one great way to do search and I'll stand by that. And you look at it – I think we developed it at Essence. We spent years working with Google, doing search for Google, built all of their search best practices, wrote it down. There's 100 points of differentiation within it. It's a binder this thick. And we had that and I realised, why isn't Mindshare using that? Why isn't Wavemaker using that? We don't want to differentiate on qualities of search. We want to differentiate on growth strategies, brand personalities, category knowledge, but we all want to be doing search the very best way that we can. And we want to beat our peers or anybody else in terms of being able to deliver that.

So, one of the first things we did is created the shared services group that deals with all of those types of things: search, social, programmatic, analytics, reporting, stuff that we can develop over time and start on beta releases and go, okay, this is our 1.0 release, 1.2, 1.4, and then get to a 2.0, and really think about these things as services that will evolve over time, co-developed with our biggest partners in that space, used as hubs around the world, applying automation and machine learning to make them really competitively significant over our peer set.

So we've done that. And then in addition, we've launched Choreograph as a data company. We have Xaxis in there. We have the Investment team, which is clearly the leading investment group in the world and providing value for our clients and trading, as well as commercial negotiations. We have Kinetic, our out-of-home company, and Motion Content Group, which is really about entertainment and getting people closer to Hollywood and the ability to actually deal with native content. And then Finecast, which we'll talk a little bit about, our addressable television business.

And then we shouldn't understate the idea of group business support and looking at a real people organisation that is competitive with the likes of Google or any of the other technology companies that are out there where a lot of our people have been going historically. We don't really lose people to our traditional holding company competitors. We're losing them to start-ups or to technology companies. And I think it's important for us, our people proposition that that stands on its own. The idea that unified technology backbone, and then leading class finance operation, operations, our client-friendly legal operation, marketing that really talks about how we differentiate on both the services side and on agency side.

So standing up in front of our entire organisation, we did this in March of 2019, and saying, this is where we're going. This is how the agencies will differentiate. This is what GroupM will be delivering to you. This is how we hold each other accountable. It was a very unifying moment for the overall organisation. And I think GroupM was always a very successful organisation, but I think it has really sowed some seeds for us for future growth that are going to pay some serious dividends. I would say we're all moving in a very unified and quick direction at this point. And we've seen the leadership team change and shift, but everybody is behind us. Everybody understands why it's the only solution we have to grow. And, it's enjoying a Renaissance, if you will.

WITH CLEAR DIFFERENTIATION IN SIX KEY AREAS

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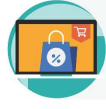
So the differentiation for us will come in these six areas:

- Open architecture
- Focusing on client outcomes
- Support for all communities in the organisation
- A strong, continued stance on brand safety and data ethics
- Diversity of thought and talent
- And then you've got choice for four different agency networks that all look and feel differently, based upon the way they think about growth or the way they operate, or their category knowledge.

**AND CONTINUED
INVESTMENT IN
THE FUTURE**



Continued operational evolution to complete the global model for consistency & efficiency



Investment in capabilities that drive marketer performance, including e-commerce / DTC & addressable content production



A future proofed data and technology offering



Hub & automation programs that unlock efficiencies to fund innovation



Diversity, Inclusion & Opportunity initiatives that are making our workforce globally representative

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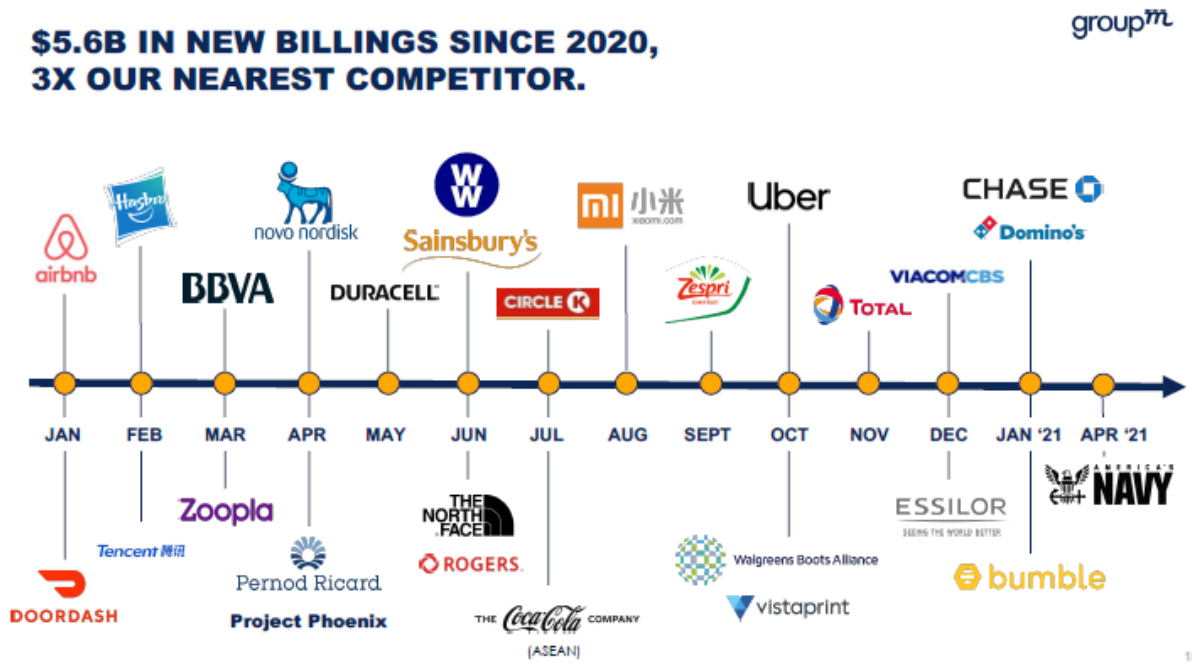
Then investment for the future. When we think about where things are going to come in the next several years, which I think is where a lot of your questions you may have coming in, continued operational evolution. So the model I just outlined, we're going to have to continue to execute on that. I said we're 18 months into what I consider about a three-year plan. We're going to have to continue to shift our investment dollars into the performance area. So e-commerce, direct to consumer, addressable content. The data and technology offering that we have at Choreograph, how are we going to continue to invest in that to make sure that it's leading edge and staying on top of all the different changes we're seeing in the industry. Continuing to invest in hub and automation programmes that allow us to create the efficiencies our clients expect, and we need to invest in the business. And then really maintaining our leadership position on D&I within the agency space to make sure we're bringing in broad sets of leaders, broad sets of opportunities for everybody. And, of course, now, even within the investment system, we're seeing itself in terms of how we think about how we buy media and rate media in terms of effectiveness.



So when we get to the growth story, I'll just point to this and I'll turn it over to the team here, but the proof is in the outcomes. And I think when you look back at 2020, we did \$5.6 billion in new billings based upon the new offering that we've been putting in the marketplace. It's across all of our agencies, across a wide range of different clients. It's three times our nearest competitor. So I think we're really proud of those results. Seeing a lot of pitch activity again in 2021. But you can see here, it is a broad swath of clients, and I'll turn it over to Demet to talk a little bit about some of the ones that we're seeing in Europe. Demet runs Europe for us at GroupM and then, we'll carry on from there.

Demet Ikiler
CEO, EMEA, GroupM

Thanks Christian. These are two pitches that I like to mention that are great cases of demonstrating how we can drive global growth through our successful market presence and capabilities.



The first one is Henkel. Henkel is one of Germany's top advertisers, looking for the best team and global coordination capabilities at the same time. So GroupM's global footprint, and strong presence in Germany, combined with the ability to coordinate internationally from Germany, has been key for us, and to differentiate in this process. We tailored the team group at GroupM with deep client knowledge and new inspiration. And this team currently is the biggest international hub running out of Germany.

And Total is also another worldwide client we won last year, a French company operating in more than 100 markets. Total has initiated the long-term structural transformation journey, aiming to become carbon neutral by 2050. So they were looking for the best partner, sharing the same values and commitments as well.

Again, our footprint in all incumbent markets and especially our strength in Africa, being a very strategic region for Total, was a big differentiator. Overall, GroupM's capacity to support structural and long-term transformation, impacting Total's core business model and all branches, activities and departments was highly valued. And our sustainable actions, such as carbon calculators and partnership with vendors and tech platforms have been key on Total's decision.



Christian Juhl
Global CEO, GroupM

I think what we're going to do is talk a little bit about the future growth opportunities now within the group. And we'll come back to Kirk on Choreograph and some other pieces later on.

So I think, as I mentioned earlier, people think about GroupM as the biggest player in the industry, but we're the biggest because we've committed to big bets over the past. So I think when you think about that, you've got the idea of scale and value and negotiation, but really we've also taken leaderships in things like viewability, we've pushed hard on supply for transparency, third-party audits, all the types of things that allow our clients to have confidence in the supply side.

That very construct right now is going through rapid change. The idea of government intervention, self-regulation through the big tech platforms. There's a lot of confusion and I am always on record, talking about the fact that complexity is great for GroupM. When you talk about people going in-sourcing or using small providers or some of these other things, you can't do it if you're running large, global multinational campaigns and you need someone to help figure out how to put your money where it's most effective. That's where GroupM shines.

And I think when they're looking for us now, in terms of what are we going to do next, here are the challenges. Well, we have a problem with cookies. We know they're going away. We don't know how fast, we don't know what's going to be next. We've got some folks introducing ghost cookies as a secondary option within there. That's probably not going to work, but there's big momentum behind some of our competitors, and some of the other platforms into that area. You've got the idea of responsible investment. It's not about reach and frequency any longer. You've got to look at, what is their commitment to sustainability?

What is their commitment towards Black-owned partners or to long-term sustainability and other D&I initiatives? You've got to look at the idea for connected television and what's happening there, and how do I win in that space if that's where most of the eyeballs are going post-pandemic streaming world. And then commerce, then Choreograph. So these are the areas we're going to spend a little bit time talking with you about.



Let's start with post-cookie creativity. We've been spending a lot of time on this, of enabling creativity in the post-cookie era. I think we've been innovating ahead of the shift and have partnerships with the largest platforms in the market. And that includes Google, Amazon, LinkedIn, Comcast; we're working with them to develop solutions within their walled gardens. We'll come on more, some of the details on this, but with Google, we call this Project Bridge. And in initial implementations, we're showing we can drive even better performance for our clients with these new solutions than we could with third-party cookies. It's a big opportunity for us.

Personalized ads without personal data.

groupm

essence

Google

OUTPERFORMED
Generic ads by every metric.

1000%
Improvement since 2019.

Pegasus

IGN

Click here to play great games

NBA 2K20

player-versus-player

gameplay

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On the next slide. What we're trying to be able to do is create personalised ads without using personalised data. And this is an example that Essence did with Google called Project Pegasus, but we're really able to go through and look at the content – not the ID, but look at the content that's on the page and get the context of what's happening within that actual page load and serve an ad against this.

So this is an example here, I would say for NBA and Google Stadia product. But we did another one with the Guardian where it was recipes, and they're looking at what you're at, and then they can infer that someone's looking for a quick kitchen time recipe and serve an ad over to the side to say, 'You got three minutes tonight, couldn't you do this?' I think that level of personalisation that's contextual is going to be incredibly valuable to our clients. The performance metrics on it are beyond anything we've seen in the past and you're getting away from this idea of being followed around the internet through a cookie that really never defined who you are and what you were really interested in.

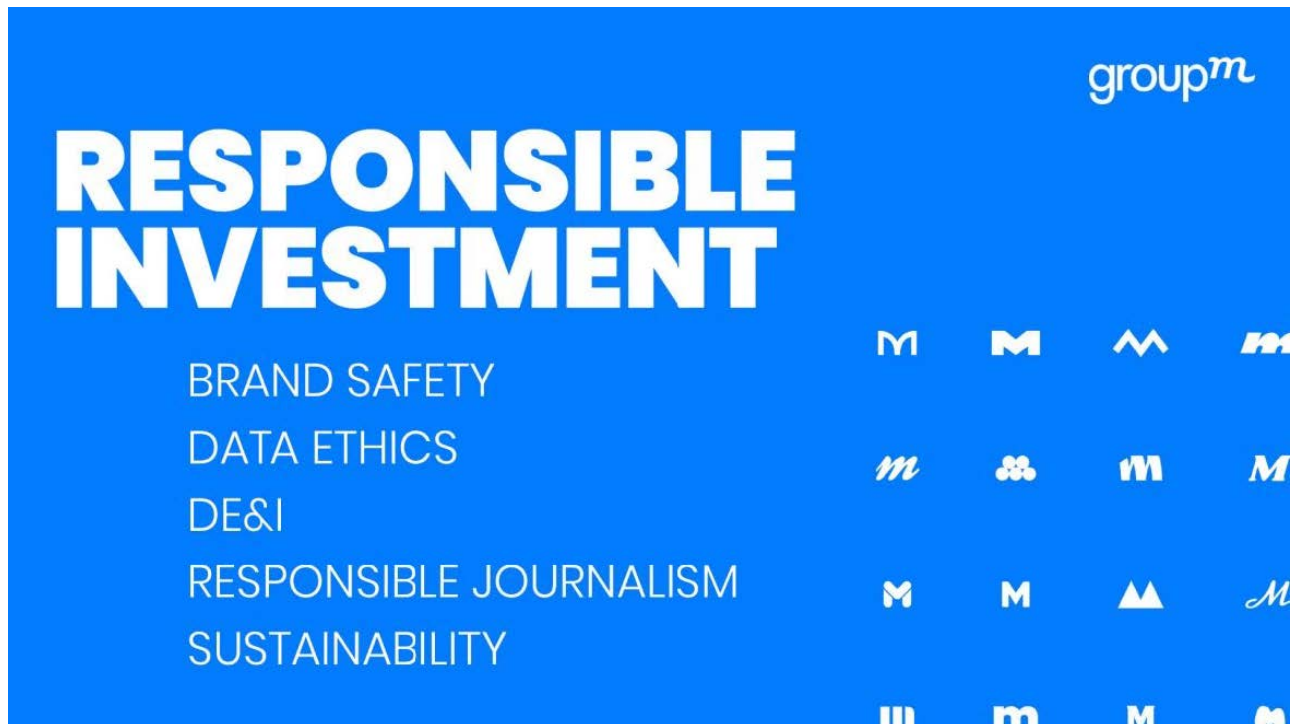
And I think that's what we're going to have to get to, this idea of personalisation that pays off.

And I think we need to be honest with ourselves that historically personalisation has not paid off. We can show some better benchmarks in terms of performance, but at the cost of annoyance or at the cost of waste. And I think those are the types of metrics, when we talk about how we're going to start to measure media more effectively, that we're going to have to start bringing back in.

The other thing I would just say around the creative piece, I mean, this is a big area where we're going to be able to start to see AI and machine learning really take off. I mean, the idea of being able to – in the old world, we would have called it screen scrape, but to screen scrape all the content that a customer is seeing at scale requires an enormous amount of computing power, an enormous amount of AI to sift through all that and understand what that context is. That's only really recently available.

So I think you're going to see this isn't our silver bullet for the whole thing. We'll continue to work with Floc with Google and Facebook on their programmes, and Amazon on theirs. But I think what you'll see is a variety of tools that the leading companies are going to develop to say, this is how we can help you with personalisation. And this is what we're going to do to make sure that we have varying levels of response to what's happening in the world right now due to regulation.

So that's one of them. I think I would turn it over to Demet who is going to spend a little bit of time talking about responsible investment.



Responsible Investment

Demet Ikiler

CEO, EMEA, GroupM

Thanks, Christian. We know that purpose drives brand power and brand power drives market share. And that's why we are weighing in on the area of responsibility. Through our Responsible Investment Framework, we're leading the way in establishing best practices for our industry, rooted in values across Brand Safety and Suitability, Data Ethics, Diversity, Equity and Inclusion, Responsible Journalism and Sustainability.



OUR RESPONSIBLE INVESTMENT FRAMEWORK.

BRAND SAFETY & SUITABILITY	DATA ETHICS	DIVERSITY, EQUITY & INCLUSION	RESPONSIBLE JOURNALISM	SUSTAINABILITY
<ul style="list-style-type: none"> ● DISPLAY VIEWABILITY STANDARD ● VIDEO VIEWABILITY STANDARD ● GLOBAL ALLIANCE FOR RESPONSIBLE MEDIA (GARM) ● RADAR VIEWABILITY AND BRAND SAFETY BENCHMARKING TOOL ● GROUPM PREMIUM SUPPLY 	<ul style="list-style-type: none"> ● DATA ETHICS COMPASS 	<ul style="list-style-type: none"> ● MEDIA INCLUSION INITIATIVE ● NEW MAJORITY READY COALITION ● MULTICULTURAL MARKETPLACES ● INCLUSIVE INCLUSION LISTS 	<ul style="list-style-type: none"> ● RESPONSIBLE JOURNALISM MARKETPLACES ● INCLUSIVE INCLUSION LISTS 	<ul style="list-style-type: none"> ● CARBON CALCULATORS: ROLLOUT IN TOP MARKETS ● NET ZERO MEDIA PLANS BY 2030

Coming in Q3, 2021: Quality Media Initiative Tool



I'd like to mention about the recent highlights from different parts of the world.

Our establishment of a Data Ethics compass and building Data Ethics and responsibility into our core tools and products, which helps us to navigate regulatory standards and is removing room for error and bias, which is critical as our work becomes increasingly powered by artificial intelligence.

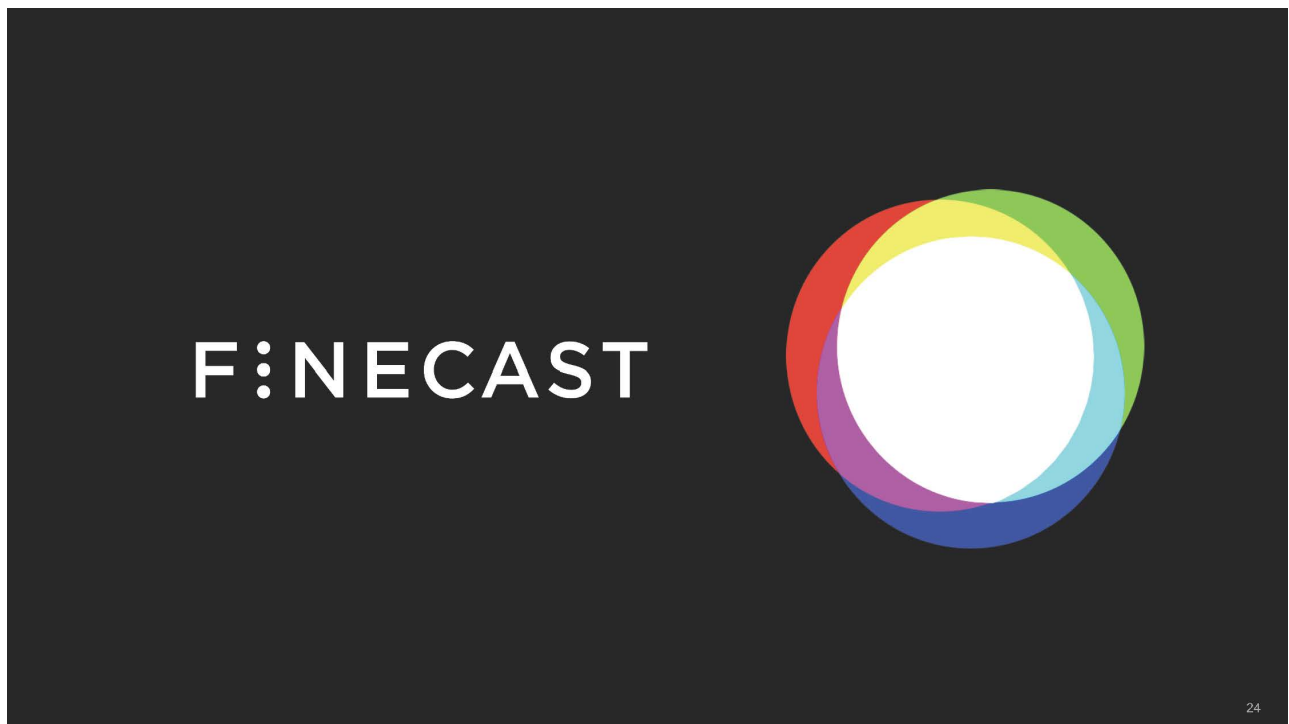
Our commitment with WPP to reaching carbon neutrality in all media by 2030, a first for our industry, and which we are enabling in partnership with our platform partners and by developing and standardising methodologies for calculating media-based carbon emissions around the world.

We already have great versions of carbon calculator around the world, such as Atmosphere from Germany and Net Zero Calculator from the UK. But we are also currently consolidating the carbon calculators in major markets to allow us a single view of emissions across channels and make them available to clients at scale. Carbon data will be integrated into our vendor contracts and all media plans we provide for our clients will be net zero by the end of this decade.

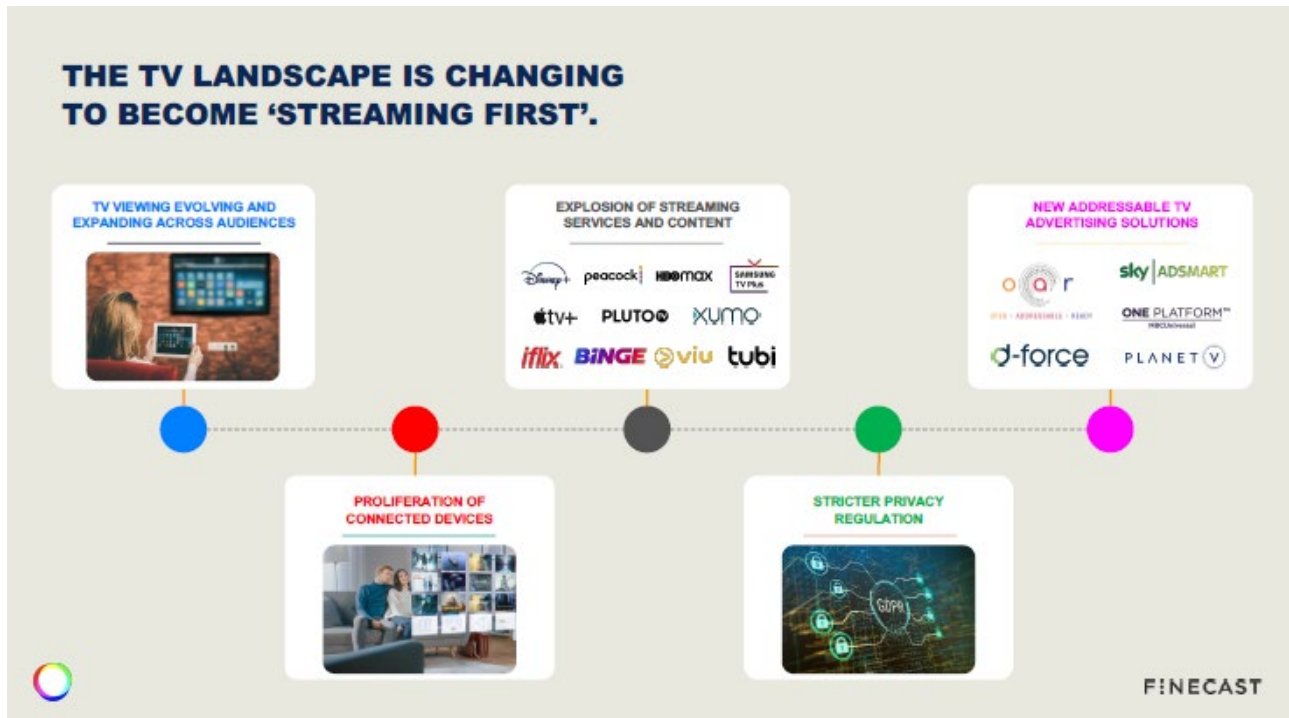
The launch of our Media Inclusion Initiative, which has dedicated media dollars to improving the overall media ecosystem by increasing investment in Black and Diverse owned media properties and supporting diversity in content creation through Diverse Voices Accelerator, is also remarkable. We are a global company and only in EMEA, in our region, we have 39 countries with different cultures, backgrounds, ethnics. So it's important for us to understand how different countries conceptualise diversity so we can embrace and include relevant diverse groups.

For example, in Turkey, the objective is to support small and medium publishers, coming from the most emerging parts of the country, representing different cultures and backgrounds.

And another great example is from South Africa. The key objective there is how do we increase spend and action inclusivity and support smaller, Black-owned out-of-home media owners better. So we launched with only three media owners in 2019. Currently, this has become a programme that GroupM provides support to over 13 media owners. So this is something that we're very proud of as well.



And as Christian mentioned, our connected TV solution, Finecast, is very important for our future growth. The TV industry has changed more over the last three years than it has over the last 60 years.



So the TV landscape is rapidly becoming streaming first with five key dynamics, adding significant complexity to the marketplace. The way people view TV is evolving and expanding. TV has always been a place for people to indulge, experience, escape and connect. And with the global pandemic, as Christian also mentioned, the need to escape and connect has never been higher. TV became a way for people of all ages and walks of life to connect with one another and to be comforted.

So there has been an explosion in available streaming services and content, so viewers can watch what they want when they want. In 2020, the consumption of streaming and connected TV content reached an all-time high level. And this was not only great for viewers, but it has also created an even larger opportunity for brands and advertisers to reach their target audiences, through addressable TV advertising. So that's created the availability of new addressable TV advertising solutions.

At the same time, the landscape continues to diversify. Ad-funded broadcasters, like ITV, Sky, non-broadcast ad-funded OTTs as YouTube, subscription-based such as Netflix and e-sports and gaming platforms are taking larger parts in the game, so that leads us to more proliferation of the connected TV environment.

If you look at the top 30 markets, the share of connected TV is currently 11% and we predict a growth rate of 15% over the next five years on a yearly basis. And, of course, we see stricter privacy regulations being implemented in most parts of the world. TV complexity is creating significant challenges for brands because fragmentation is making it harder to reach their target audiences at scale. The ecosystem is becoming far more complex, the opportunity to addressing audiences posing new privacy challenges for brands, and there is still limited industry-wide collaboration. And the current TV measurement system has not kept up with the recent developments either.

WE BUILT FINECAST TO HELP CLIENTS ADDRESS THIS COMPLEXITY.

Finecast – a single access point to the entire modern TV ecosystem

 The broadest access to addressable TV advertising supply across all major platforms	 The largest source of unified audience data available for TV targeting	 Delivered along premium, viewable and brand safe TV content	 Holistic planning across the whole fragmented TV marketplace (proprietary solution)
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The future of TV advertising will be all about close strategic partnerships, underpinned by technology and data



So that's the complexity and that's why we built Finecast; to help clients address this complexity and support clients in a future, which will depend on close strategic partnerships, rooted in technology and data. Finecast provides the broadest access in industry to addressable TV advertising supply across all major platforms. It offers marketers access to the largest source of unified audience data available for TV targeting, delivered alongside premium viewable and brand-safe TV content. And supported by proprietary technology that enables holistic media planning across the fragmented TV marketplace. Finecast is growing very rapidly. It grew 30% only last year. And we now have advanced device integration into 353 million of households with TV worldwide. So that was about Finecast.



WE'RE MAKING THE WORLD'S STRONGEST MEDIA COMMERCE OFFERING EVEN STRONGER.



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Commerce

Kirk McDonald

CEO, North America, GroupM

Hey, all right, Demet, I think I'm jumping in now to continue talking about some of the work that we've been doing in commerce. We're making the world's strongest media commerce offerings even stronger. GroupM is the world's biggest commerce media company with around 70% marketplace penetration today. But this is an incredibly exciting time in this space, as we've talked about earlier and Christian mentioned. The dominance of Amazon, Alibaba and the evolution of digital capabilities and same-day delivery among prominent retailers, and then there's a high mobile and internet penetration rate in major markets, is creating a culture where you can buy any place, anytime, anywhere, and on your terms. What we've seen with the pandemic is really this acceleration of early trends in many categories and e-commerce is a great example of that. It's likely established now for us a new plateau against which future growth, also accelerated through the pandemic, will occur.

E-Commerce-focused retailers like Amazon or Alibaba are now among the world's largest sellers of paid media. And e-commerce retail sales are projected to continue to increase to about \$4.6 trillion in 2021, and up to \$5.4 trillion in 2022. This shift is creating exciting opportunities and we have been investing in our commerce offering really to help our clients now take full advantage of this. Now, we're doing that organisationally first to meet the increasing demand, which has continued at double-digit revenue growth for us. We've recently appointed our first Global President of Commerce and now have more than 2,000 employees around the world focused specifically on commerce media. And we've streamlined

our operational model to drive product, technology and investments and efficiencies for all of our agencies.

On the product fund front, we have a globally centralised team and regional sprint teams, right, working to improve the experience of retail advertising for our people. They've created a global infrastructure for all retail and direct-to-consumer media partners and a suite of products ranging from global partner bench marketing, profiling and evaluation of advanced AI driven programmatic optimisation. The team works in partnership with Choreograph and that Choreograph team, since, again, this integration of first-party data as we move away from the cookie, is such a vital part of making this all work effectively going forward.

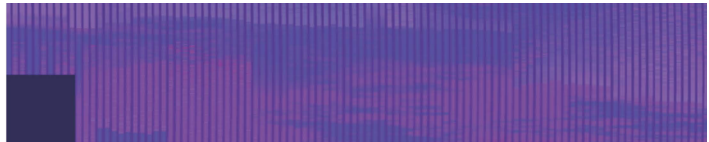
We've also added a new level of focus on creating strategic partnerships with scaled media partners with commerce facets like Google, Facebook and Twitter. And we're expanding our partnership with retailers that our clients rely on for large portions of distribution. Again, Amazon, Walmart, Kroger, Lazada and others. So very exciting time for us.



I'll talk to you a little bit now about Choreograph. A lot has been said in the press about this and it has gotten quite a bit of attention. For our focus, WPP made this move to bring together what is a ground-breaking new data offering, which sits inside and managed by GroupM, but it is a WPP offering. And it gives all of our clients and all of our operating agencies privacy-first data solution that advertisers can manage and earn access to data in intelligent ways, ethical ways, expand and enrich that, build intelligence on top of it, and then activate and optimise. Those are really the three pillars upon which Choreograph has set up.

It was created by bringing together specialist businesses and talent from our data and technology units within WPP. So specifically inside of GroupM, their GroupM data and technology team and inside Wunderman, a Wunderman data team. So we were able to really bring together the innovation of our media management teams and the rich history and understanding and our data management team inside of Wunderman Thompson. And they've come together really to form Choreograph and bring together these solutions with this privacy-first future ahead of us.

OUR DATA DIFFERENTIATION



CLIENTS OWN THEIR FIRST-PARTY DATA

We do not stand between our clients and their customers - we work to connect them.

Our data solutions create a more sustainable model for the future of data-based businesses, **allowing marketers to create better experiences, better businesses, and differentiated customer journeys.**



WE DON'T USE DATA WE DON'T NEED

The pressure to build data-based businesses has led many companies to collect more customer data than they need.

We help companies clarify the specific data they need and its role in delivering what customers want, **creating a shared understanding between consumers and brands that deepens trust.**



WHAT YOU HAVE TODAY, READY FOR TOMORROW

Software solutions should continuously update and upgrade.

To support this at system level, we link and coordinate the best technology partners the market has to offer. This empowers businesses, **freeing marketers to focus on their customers.**

CHOREOGRAPH

Choreograph operates with a different set of values than our competitors. So when you think of how we're different, capabilities can be similar or based on access, but our philosophical approach, the way that we've chosen to treat this space is one of the things that sets us apart. These values are shaped in the fact that this has been grown internally. Some of our competitors have spent billions acquiring assets, but also acquiring legacy businesses entrenched in data ownership. And some of them were the very US-centric approach. Unlike other solutions in marketplace today, which have identity and privacy added as an afterthought. Choreograph is really better aligned. Part of it being that's being brought together now, and the fact that we really stood up ourselves behind these principles of clients owning their first-party data; our strong principle of commitment that we are going to carry forward. We don't use the data we don't need. So there's a data ethics approach to everything we do. And then this readiness state of really helping clients activate today as they prepare for tomorrow.

So those are the things that really set us apart today.



Q&A

Christian Juhl: Okay. Thanks, Kirk. Thanks Demet. And I think we're on to the Q&A section, so there's a couple of questions that would come in here. And I'm happy to address them. First one, I'll start, and then maybe it's actually probably best for – you've got the perfect audience on this call to answer this, but the question is:

How would you define GroupM's culture and how has it changed?

Christian Juhl: And I guess, changed from when, but I'll say from my start, how about that? That gives us a broad – about 18 months, but I think that captures two different views. One, Kirk, who's relatively new to the organisation and who's come in from AT&T, but as well as some start-ups and other types of organisations. And then Demet, who has really had a lot of different jobs within WPP. I won't say for how long, but has certainly seen a lot of GroupM historically and across WPP.

And I'll start by saying that the intent of our culture right now is to be accountable to each other; to have clear roles; to have clear responsibilities within the organisation; to really align behind helping our agencies grow and win market share and differentiate. And that we have a core set of values and behaviours that I believe are very contemporary, that are attractive to our employees. And the art of it is holding each other accountable and working as a singular team.

So that's the intent. Of course I'll let them be the actual voice of how well we're doing on that. And I don't know, Demet, maybe you want to start talking about where GroupM has come from and what you're seeing these days.

Demet Ikiler: Of course. You didn't tell it, but I'm proudly saying I'm with the WPP GroupM for more than 20 years now. So I joined to set up Mindshare and then I did the GroupM

Turkey job and WPP Turkey. I've done different roles over these 20 years. So I had the opportunity to take part in all these different stages of how we built GroupM within WPP. So I think what I can say now, the culture that we brought – we're also focusing to build altogether as a team – is based on first of all, collaboration, transparency. We have all these unified and united ambitions, goals and we share and work together. I mean, I see us as one company as GroupM and that's really happening now because I mean, Christian, when you took the leadership and you restructured the new leadership team around ourselves, so we were really committed to make this happen. And now we're going into more like simplified, unified and stronger in GroupM. And so, I'm proud of being part of this community, that's for sure.

Kirk McDonald: So with just ticking past eight months under my belt, I loved the purpose I saw from the outside when I started the conversations and probably was most attracted to this commitment to own the responsibility of shaping the next era of media. Staying with the Ps, here's what I've found. I've found a passionate, purpose-driven organisation that is committed to partnership and I'm really excited to be considered a colleague of the peer group that I get to work with now. And I just don't say it in some sort of cliché way that there's a passion around making sure that we deliver for our clients. The culture is one that provokes, comes up with the ideas and tries to find ways to be disruptive, but constructive, and build at the same time. And I really have enjoyed these eight months. It's been a great ride and I'm looking forward to staying focused on what we're doing now. I can't speak to its history, so I can just speak to actually the excitement that's here now.

How worried are we about disruptors to the media buying space over the next five years? Is it inevitable that companies like Accenture are more active in your competitor set?

Christian Juhl: I always say my number one job as a CEO is to be the most paranoid person in the business, so there's no doubt that I'm worried about competitors. I'm worried about clients, I'm worried about everything. And I think that's what I guess, basically get paid to do.

So I'm not any more worried about them than I've been in the past, I guess I would put it that way. I think the scale that we have, the partnerships that we have and that client roster that I referenced in terms of the relationships that we own with the Fortune 500 and the marketers, it's something that is very, very unique in the industry and not to be understated. And when you look at what we're able to do around the future-proofing of the business and data and technology and negotiating power with our partners, with our global scale, our dominance in Asia, it is going to take our competitors a very, very long time to build the relationships, the capability and the strategy and innovation that we have at the core of this organisation.

I think that builds a significant moat around our business. And, of course Accenture, is probably going to look at the media dollars and think they can do what they've done in other industries, like finance and technology, into marketing. We'll see. I know I've put our own agenda up against them in terms of automation and offshoring and everything else that we're

doing. And I think they're very, very distant to us in terms of the relationships that they have, both on the publisher side and on the client marketing side, so I'll single them out. There's a wide variety of competent competitors in the space and I welcome the complexity. I think that we're better suited than anybody to help clients navigate it for the foreseeable future.

Which parts of the advertising ecosystem wins and losses in a post-cookie IDFA world.

Kirk McDonald: So just a little bit of background. So I came from AT&T where I launched, again, an advertising business there that was heavily focused on data and automated advertising for AT&T. It was called Xandr. I would say that the current trajectory of where we're heading would be that the large scale players, the platforms actually would seem to have advantages, but I just wouldn't assume that that's the answer just yet. Right now, there are more than, I would say, four solid approaches or platform approaches to actually replace the ability to bring targeting alive in a post-cookie world. Some of them ranging from things that are just ghost-like cookies all the way through the solution that CJ walked through earlier that we actually have as an approach.

So I think it's too early to actually make a bet and to say who's going to win disproportionately, but early indications would say that the platform companies are in a better position, post cookies, right now.

Christian Juhl: Yes, I think that's fair. Moving along.

It feels like Choreograph levels the playing field to a degree with respect to consultancy around data, as well as connecting data with media, but it doesn't necessarily give you access to significant proprietary data sets, which you can sell to advertisers. I'm going to assume we mean marketers in that sense, not the platforms, disadvantage or advantage.

Christian Juhl: Well, look, the first thing I would say is we do own a tremendous amount of data within GroupM and WPP as a whole. So that whole idea of helping clients earn and manage their own data, and then us being able to augment and extend that data. The differentiation for us is that we're taking our supply of data and moving it into client environments so that they own it, they maintain that expertise, they can build their own capability. And then we'll help them light that up in all the different media environments around the world; help them optimise it; help them think about how to negotiate and structure those deals.

That is in marked contrast to our competitors who are saying, 'You give us your data, we'll build it within our walled gardens of GroupM and then we'll tell you, or not tell you what we do with it in terms of activating it in other areas.' I think our approach to this I think is much more future-proof. I think it gets around a lot of the compliance issues around privacy, around where data is going to go. It gives us a lot of paths forward in a pretty unknown space right now. So I like it. It does, as you mentioned, help us compete with the consultancies or helping clients organise and think about their data, as well as it gets us into

an activation role that protects our ability to manage and activate and plan media execution for our clients on a global basis.

Kirk, anything to add on that? It's your business.

Kirk McDonald: Yeah. Let me give you – I'll add a little bit of scale to that, right? So, we have a data product through audience origins that we actually use to match. To pick a market like the US market, that's 270 million unique individuals in 128 million households. And at that level, we also have about 10,000 attributes of data against that. So if you have to factor data dimensionality into this, it isn't simply scale and size anymore, but actually the dimensions of data that we have access to to create the matches. I think Choreograph is not just a parity or an equal product to what our competitors have. We actually have a stronger data match capability. And because we've actually built this in privacy considerations and built it to be future-proof, we're not carrying some of the tech debt and data debt that I would suggest that some of our competitors are carrying, as we go forward into a cookie-less world. So very excited about what we have and that product is quite robust. So at any time we can dive into that more.

Christian Juhl: All right. Mr Kramer here has packed, I think, five questions into one from what I can tell. So I'll try and unpack these a bit and maybe, Demet, you can help me with the Finecast one to begin with. But I would just say, it starts:

How can Finecast ensure, beyond scale and history, that it gets access to addressable TV inventory, as leading platforms build their own in-house buying platforms.

Christian Juhl: When you negotiate with your partners, it's the totality of the conversations that we're having and Finecast is a piece of that. But I think consumers are incredibly adapted, moving into walled garden areas, into addressable television solutions and online video. And so they're trying to find leading use cases on the publisher side to make sure that those opportunities are connecting with consumers. Finecast is probably the most sophisticated organisation in the world in that area. And we're very successful with negotiating those types of opportunities for us. If anything, there's only going to be more opportunity in that space. And I think we're well positioned to use the scale of GroupM in totality to help them open those opportunities to us and our clients.

Demet, if there's more you want to add to that?

Demet Ikiler: I mean, yeah, totally. Finecast solutions benefit from the broadcast access to addressable TV supply across all major platforms. And we have relationship with those platforms as GroupM as you already mentioned. So our partnership with the top data providers like MasterCard, I mean, these are also leveraging our scale and also building further relationships. So we're not worried about that also platforms are building their own in-house buying platforms, but we are also very experienced on targeting. So it's not a vertical business that we are doing. We are active across all platforms so that gives us a real differentiation advantage.

With Choreograph, will you operate your own "clean room" solution with clients, and how important do you see the deadline of Jan '23 with CPRA in accelerating

shifts from 3P data usage to 1P data? What role will independent ad tech play since it is so reliant on 3P data, whether cookies or HEMS?

Christian Juhl: The next one, Kirk, maybe you want to pick up on Choreograph, clean room solutions and how are we thinking about that. And then any changes in third-party data usage and ad tech?

Kirk McDonald: Sure. The way Choreograph is set up today is we've intentionally decided that we're bringing together best-in-class, best-in-breed thinking around how we partner, knowing that every single client is going to be at a different stage at this point of their data journey, their first-party data journey. There are some we're still starting and needing a lot of consultancy around that, and have a desire almost to hand everything over to a partner. And we're ready to do that, where we will actually do things like identity resolution, which is server-based that where you move the data around to do that. Other clients though are more sophisticated in their understanding, feel like they have robust first-party data and are actually looking to work through clean rooms to make that work. Some already have partnerships, so we are prepared to work with some of the leaders in clean rooms or second-party data lockers. So a Neustar, Habu, and others, that we will work with them in that way.

We absolutely also can work with our own solution because we've actually built and are bringing to market our own approach to operating inside of Google cloud-based systems where we actually never moved the data, but we actually create tags in the system where we can create the match rates and actually keep down any second-party data leakage to make that work.

So I love where we are in terms of our flexibility to work with clients. We are not simply pushing a built product that is on the shelf at them to say, you must work with us this way. And I think it has shown through in some of the recent wins, like I mentioned, in this conversation, Uber or Walgreens Boots, because we've been able to meet fairly sophisticated clients in terms of their first-party data, meet them where they need to be, working with existing partners that they had to either do warehousing or some ID resolution, or again, matching inside of second-party lockers, clean rooms to make this all work well. So again, it's been going very well in that regard. Hope that answered the question.

Christian Juhl: That's why we're lucky to have Kirk McDonald with us. He's been a great dual leader for us. He came in to run North America, but then rapidly took over the Choreograph strategy and business as well. So it's been a great partnership so far.

I get the advantage of GroupM shared services but doesn't it make all our agencies the same? What's the differentiation?

Christian Juhl: I understand that question. When I started earlier, I stand by – I don't think we want our agencies to differentiate on the way we deliver programmatic media or search or social. I think those things have to be done in a very unified way and we can do best in class as GroupM and WPP in those areas. And in order to be best in class in that, we have to take the totality of our investment with Google or Facebook and the billions of dollars we spend

with each one of those, and then go demand best in class access to tools and technology and insights and future access, so that we can bring that advantage to our clients.

We're just that much more successful as we do that as one organisation than we are if we do it five different times. And I think that's really the advantage that we continue to drive forward for our clients. How the client – how the agencies then use that and package that and put that in shape of client growth plans, that's where they're going to differentiate. And I will tell you from somebody who goes around the world and visits all of our different agencies, when you walk into Essence on Oxford Street in London versus MediaCom, they look and feel completely different and they resonate in a very different way with our clients. And that's great. We have choice. We have opportunity for them and the way they think about growth and the way they think about using digital media versus television versus big, broad reach awareness, those are all fine strategies that get deployed differently. And we'll put multiple agencies into single opportunities for pitches, so they can see the breadth and the difference in thinking and how we think about growth for agencies.

But the truth is that ends up being more of a, how do you want to think about media mix? Or how do you want to think about big burst campaigns? Or how do you want to think about building into big moments versus launching big moments and thinking about longer tails throughout? And those are the strategic conversations with the marketers really want to have. They don't want to talk about keyword exclusions and whitelists and blacklists and everything else. They just want to know that that's how best-in-class marketing works, but how they're going to grow and how they want to make the strategic decisions is where agencies can differentiate and thrive.

And the culture of the people. I mean, let's not forget we're in a huge war for talent right now. And ultimately a lot of this, yes, will be automated, there'll be technology and machines, but the people that run these machines and the people that develop these strategies and the people that communicate back to our clients, those are our real assets. And so different types of people want to work with different types of agencies. And we represent a broad swath of opportunities for those people to find one that feels like home to them. And I think that's again, a very strong advantage for us.

Can you speak about the opportunity in retail media specifically and how active are your product brand clients in seeking ad placements on retailer websites and apps?

Christian Juhl: I would just say in general on this e-commerce is exploding and the expertise that we have on Amazon, on Google, on Walmart, on Target, I mean, you're seeing big, big opportunities in those organisations on their own right, building their own media businesses. The appetite is almost endless for this right now. How close can we get to the consumer? How close can we get into being contextual? We'll continue to push forward for that. Kirk gave you some good statistics on where our placement is. Very comfortable with our number one position in the industry right now. I think you'll see more movement in WPP to unify the commerce strategy.

And you've already seen Mark make some moves for that as we look at bringing the centre of excellence together. We've got a president of Commerce right now that works closely across

the overall organisation. It'll be a continued area of focus and I like where we're at. So I guess I'll leave it at that. I think there's only one question we didn't get to...

Can you discuss why WPP and GroupM are better together? And maybe talk about how you plan to maximise the relationship between the two companies even more in the future drive home your differentiation in an increasingly competitive marketplace?

Christian Juhl: Yes, this is an easy one. I've known Mark Read for a number of years, well before I took this job at GroupM. He was one of the guys that first convinced me to sell Essence into WPP. And he's a visionary leader. He's great. He's been a strong supporter of us. When he first asked me about the GroupM role, I said, 'I have these beliefs going into it. They're largely predicated on my experience at Essence and Publicis before that. And I believe in global operating systems, I believe in singular ways of developing best-in-class services.' He said, 'Great. Take that, do that for GroupM. We will be your biggest supporter. We'll help you get there.' And between him and John Rogers, we've enjoyed a strong level of support, and I think we've delivered exceptional growth each year during this transition period and I suspect we'll continue to do so going forward.

I think then the opportunities become – I believe personally media will end up setting the context for the conversation that we're going to have with consumers going forward. So I think I've already started to work more closely with Rob Reilly to say, 'All right, Rob, what are we going to do to transform the creative side of the business at the same time, we're transitioning the media side of the business so that we can set up a brief that talks about the context of which we need to now have the conversation? And how can we make that conversation as adaptable as our digital media is going to be? And as we get closer to one-to-one, how do we change those formats?' And Rob's really excited by the challenge. We've already got a working team on it. So I think there'll be opportunities like that.

And then across areas like commerce and CRM, when we talk about how we earn data, how we earn our client's first-party data, those will continue to give us existing opportunities with the Wunderman team, as they think about CRM opportunities. So I see a lot of cross-pollination between the organisations that are developing as the market does. And what we've done in GroupM, Mark's doing the same at WPP. So you're seeing a new group of leaders come in, enthusiasm for working together, a real clear sense of who's doing what, where, which lanes we work in so that we can understand where the cross organisation groups should function. And I think it's just going to continue to be a lot more opportunity for us on those spaces.

With that, maybe John, do you want to close it for us or – I think we've got to our time.

John Rogers: Well, just first and foremost, thank you to our presenters today. I think it was a very enlightening conversation and great presentation and some really fantastic questions as well. So, thank you to everyone for listening in today. Hopefully, it was a helpful session for you. We welcome any of your feedback and I'd like to just wrap up by saying, again, a big thank you to the team who presented.

[END OF TRANSCRIPT]