CHIEF FINANCIAL OFFICER'S STATEMENT

We have the financial strength to invest in future growth through talent, capabilities and targeted M&A, while rewarding shareholders today.

WE REMAIN ON TARGET TO ACHIEVE OUR GOAL OF £600 MILLION ANNUAL COST EFFICIENCIES BY 2025."

John Rogers
Chief Financial Officer

INTRODUCTION

2021 has been a very strong year: well beyond our expectations and underlining the resurgent demand from clients for our services, as well as the excellent progress we have made against our own strategic plan. Our financial performance is covered in detail elsewhere in this report, so my review focuses on two key elements of the broader finance remit, both of which are significant value drivers for WPP: our transformation programme and our approach to capital allocation.

TRANSFORMATION PROGRAMME

Good progress has been made on our transformation programme, designed to simplify WPP, build greater collaboration, drive efficiency and free up funds for reinvestment in growth. We remain on target to achieve our goal of £600 million annual cost efficiencies by 2025, with around £245 million of gross annual savings achieved so far against a 2019 base.

The transformation of our property estate continues, despite the constraints of Covid-19, with a further nine campuses opened in 2021, taking the total to 31. We aim to complete at least 65 campuses, housing more than 85,000 people, by 2025. In procurement, we are beginning to consolidate our spend more effectively, improving terms for our agencies with our purchasing scale. Telecoms savings and software licences were areas of significant efficiency in 2021. In terms of simplification, the combination of sub-scale agencies in smaller markets is leading to a significant improvement in performance; we have removed around 500 legal entities from the Group structure, with a similar figure targeted for 2022; and we have acquired the minorities in WPP AUNZ, taking us to 100% ownership to improve control and governance of our fifth largest geography.

Across IT, Finance and HR transformation, significant groundwork has been undertaken as we modernise and move to more standardised processes, with target operating models approved for all three. In IT, transformation plans including network infrastructure, cloud acceleration and platform rationalisation are all on track. The shared services programme is progressing, with a significant portion of finance processes migrated from the UK to Mumbai, and new deployments in the Middle East, Asia and Latin America. We have, however, experienced some delays to the deployment of Workday, our new ERP platform, but we are confident of meeting our revised timetable starting in the first half of 2022.

One of the significant benefits of the transformation is that it will improve the quality and speed of financial and other management information available to the business. We have already made good progress in this area: our corporate plan has, for the first time, been built up from detailed strategic plans at the agency level, with dedicated plans for our highest growth businesses such as Xaxis, Finecast and Choreograph; we are enhancing management insights with a new enterprise data tool and analysis of client profitability; and we have built a detailed commercial playbook and asset pricing tool. We know we need to do more concerning the quality and coverage of our emissions data and our transformation strategy will enable us to manage more data centrally, improving consistency. We are also developing more robust protocols for calculating and reporting data and are aiming to expand the proportion of our data over which we seek independent assurance.

Finally, standardised systems will give us significantly improved controls. We have made huge improvements to our controls environment through our governance structures, the recruitment of senior leaders with strong track records and, most importantly, a real change in culture.

CAPITAL ALLOCATION

The discipline with which companies allocate capital is a key determinant of growth and sustained financial returns. Finance plays a crucial role in this process, both in helping to set the overall framework and in the assessment of where to invest.

We set out the four elements of our capital allocation policy in December 2020, and I am glad to say we have made really strong progress on each front. We've also maintained a very healthy balance sheet for future investments in growth and returns to shareholders.

Capital expenditure: our priorities are to invest in our technology infrastructure and campuses, building platforms for our people and our clients, and supporting reduced property costs and standardised systems. In 2021, we invested £293 million, as we opened nine new campuses and continued to develop a further 10 sites. Most of the rest of our investment was divided between our enterprise IT estate and the development of new products for growth platforms such as Choreograph, our data business, and Finecast, our connected TV business.

Capex will rise to £350-400 million in 2022, reflecting the peak of campus and IT investments and some delayed spend from 2020 and 2021. Organic investment in our capabilities and client offer will remain a priority.

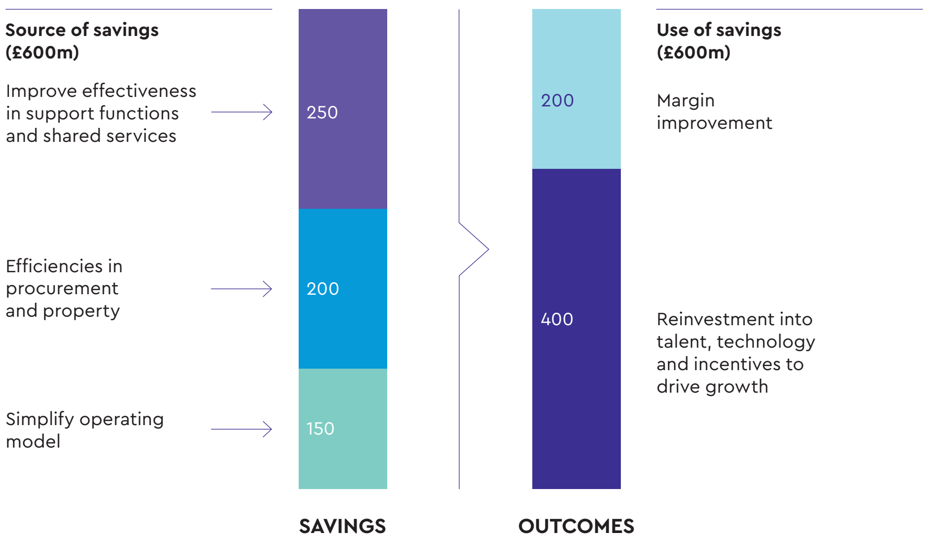
Dividend: our goal is to pay a dividend that is growing and sustainable, reflecting the strong cash generation of the business while allowing for sufficient reinvestment for growth. Our policy is to grow the dividend annually and to pay out approximately 40% of headline earnings per share. The full-year dividend of 31.2p proposed for 2021 is approximately 40% of our 78.5p headline diluted EPS, and is up 30% year-on-year on the 2020 pay-out.

M&A: acquisitions have always been an important engine for growth for WPP, enhancing organic growth, bringing in new capabilities and client relationships, and introducing talent. Our M&A strategy is now more focused than in the past, building out our capabilities in key growth areas, such as marketing technology and ecommerce, and concentrating on a few targets with critical mass which are scalable across WPP's offering to our clients.

"WE SET OUT THE FOUR ELEMENTS OF OUR CAPITAL ALLOCATION POLICY IN DECEMBER 2020, AND I AM GLAD TO SAY WE HAVE MADE REALLY STRONG PROGRESS ON EACH FRONT."

DELIVERING GROWTH FROM OUR TRANSFORMATION PROGRAMME

£m



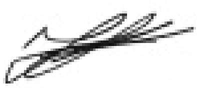
2021 typified this new approach. In total we spent £396 million net on acquisitions (excluding earnouts) during the year. We brought in new skills in artificial intelligence (Satalia), commerce (Cloud Commerce) and software engineering (DTI Digital). All these businesses have huge potential to grow in their own right and to complement our existing offer. They are being fully integrated into our business rather than standing alone, to maximise their value to WPP.

In addition, we supported the acquisition of Numerator by Kantar, in which we own a 40% stake. This transforms Kantar's US panel business and takes it into a technology lead versus its competitors. We also created a leading global strategic communications business through the merger of Finsbury Glover Hering with Sard Verbinnen & Co. Throughout WPP we are building leading global franchises in high-growth areas.

Excess capital and leverage target: after making organic investments, paying our regular dividend and completing targeted acquisitions, we will continue to review our capital needs relative to our leverage target of 1.5-1.75x average adjusted net debt/EBITDA. When we have excess capital, we will return it to shareholders, typically via share buybacks.

In 2021, we completed £729 million of share buybacks, and ended the year with average adjusted net debt/EBITDA of 0.9x. As a result, we have committed to a further £800 million buyback during 2022.

In line with our clear capital allocation, during 2021 we invested around £700 million in future growth, through capex and M&A; and returned over £1 billion to shareholders. We will continue to balance our investments in long-term growth and value creation with cash returns to shareholders today.



John Rogers
Chief Financial Officer
31 March 2022

"A VERY HEALTHY BALANCE SHEET FOR FUTURE INVESTMENTS IN GROWTH AND RETURNS TO SHAREHOLDERS."