

# 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 2021, the attractiveness of our investment proposition was demonstrated by our performance. Our top-line growth, driven by strong demand for our services in digital marketing, media, ecommerce and technology, resulted in our fastest organic growth for over 20 years. As a result, we are two years ahead of our plan, hitting our 2023 revenue target in 2021.

We look forward to 2022 with confidence, reflected in our guidance of strong top-line growth, improving profitability and continued investment in our people and services.

We have also reconfirmed our medium-term financial targets for 2023, which allow us to invest in talent, incentives and technology, improve our competitive position, and deliver sustainable long-term growth.

## FINANCIAL TARGETS AND PERFORMANCE

	Revenue less pass-through costs growth	Headline operating margin	Capital expenditure	Average adjusted net debt/ EBITDA
2021 actual	12.1%	14.4%	£293m	0.9x
2022 targets	around 5%	+50 bps YoY	£350-400m	N/A
2023 targets	3-4%	15.5-16.0%	£300-350m	1.5-1.75x

**i** Read more about our outlook and guidance on page 67

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**UNRIVALLED GLOBAL REACH AND SCALE**

- A global network of leading agencies, providing the broadest geographic reach
- Home to GroupM, the number one media-buying operation globally, accounting for 30% of global media billings, providing value and premium inventory
- Present in 112 countries worldwide, providing deep in-market expertise

**112**  
countries in our  
global network

**\$50bn+**  
GroupM global  
billings

**ATTRACTIVE AND GROWING ADDRESSABLE MARKETS**

- Extended our 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

**60%**  
GroupM's estimate of  
global retail  
ecommerce spend  
growth in 2021

**30.5%**  
GroupM estimates  
of global digital  
advertising spend  
growth in 2021<sup>1</sup>

**DEEP CLIENT RELATIONSHIPS WITH LEADING GLOBAL BUSINESSES**

- Partner to most of the world's largest companies, including 317 of the Fortune Global 500
- Strong and enduring CEO, CMO and CIO relationships
- Global Client Leaders provide easy access to the breadth and depth of WPP

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

**8.1**  
Average client  
satisfaction score  
(out of 10)

**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
- Strong data and digital capabilities

**43%**  
GroupM's proportion  
of digital media  
billings (2020: 41%)

**5,000+**  
data practitioners,  
who build our  
proprietary models

**A STRONG FINANCIAL POSITION**

- Resilient revenue streams from a varied client base that covers all business sectors
- Predominantly variable cost structure, which protects profitability during a downturn
- Attractive margin, with scope to improve through our transformation programme
- Low adjusted net debt and ample liquidity, after significant growth investments and shareholder returns, reflecting strong cash generation

**£1.3bn**  
Free cash flow

**14.4%**  
Headline operating  
margin

**0.9x**  
Average adjusted net debt/Headline EBITDA

**VALUE CREATION FROM STRATEGIC PLANS TO ACCELERATE GROWTH**

- Expanding further the proportion of our business in high-growth areas
- Our transformation programme has delivered £245 million of gross cost savings, towards our 2025 annual run rate target of £600 million. We aim to reinvest £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

**£245m**  
Transformation  
programme gross  
savings since 2019

**31.2p**  
Dividend per share  
(+30.0% on 2020)

<sup>1</sup> Excluding US political advertising.