WPP 2022
Third Quarter Trading Update

Teleconference Transcript

Wednesday, 26 October 2022

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Third quarter half highlights

Mark Read

Chief Executive Officer, WPP

Thank you very much, and good morning, everybody. And welcome to WPP's Third Quarter Results for 2022. And I'm here in Sea Containers in London, joined by John Rogers, our CFO, and our Investor Relations team.

CAUTIONARY STATEMENT REGARDING FORWARD -LOOKING STATEMENTS

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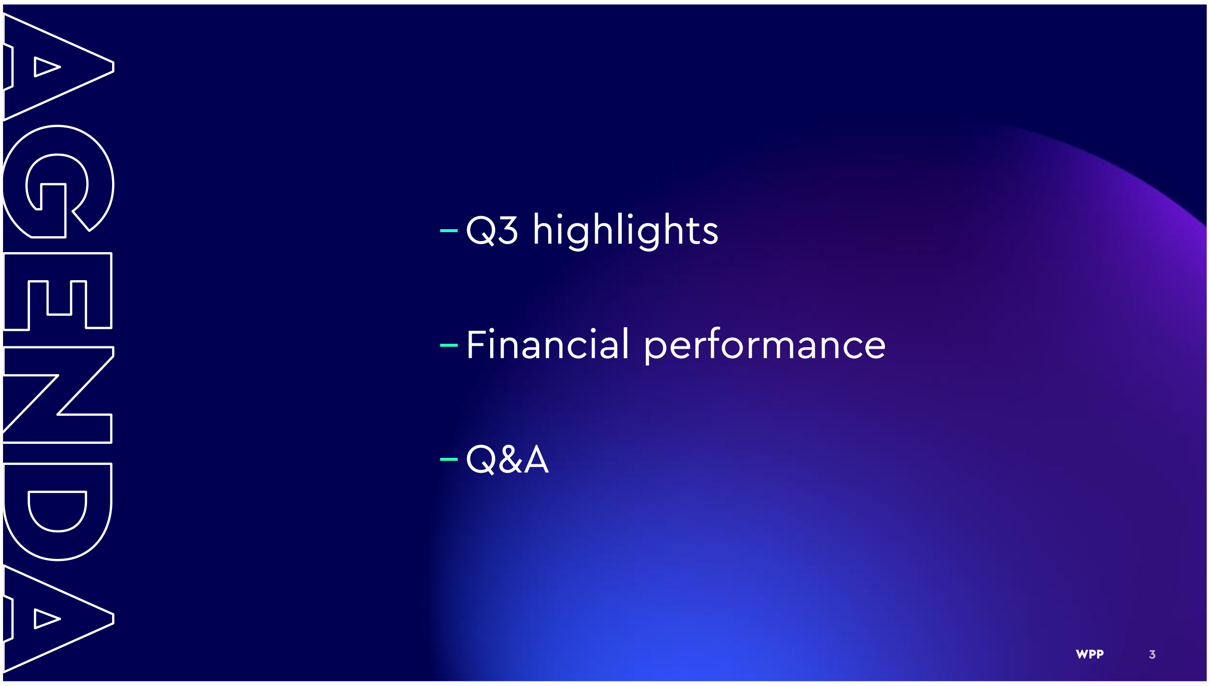
So, on Page 2, I'll just draw your attention to our cautionary statement as we start the meeting.



And on Page 3, the agenda. So, I'll talk through the highlights before handing over to John to talk about the financial performance. I'll come back to a quick overview and summary, and then we'll take your questions.

HIGHLIGHTS: CONTINUED DEMAND FROM CLIENTS

- Continued momentum: Q3 LFL revenue less pass-through costs growth[1] +3.8% (Q3 PY +15.7%); acceleration on a 3-year stack to +10.9% (Q2 +9.7%)
- Strong client, sectoral and geographic performance in Q3
  - 9 out of top 20 clients grew by double digits
  - GIA +4.3%, PR +5.8%, Specialist Agencies -3.9%, (+8.6% ex Covid-related contract in 2021)
  - Good growth across most major markets
- Integrated offer working with clients: topped COMvergence's media new business and retention global rankings[2], total net new business of $1.7 billion in Q3
- Investing for growth: organic (commerce, data, media), acquisitions (Corebiz, Newcraft, JeffreyGroup, Passport Brand Design)
- 2022 guidance: LFL revenue less pass-through costs growth 6.5-7.0%; headline operating margin improvement 30-50bps

1. Like-for-like revenue less pass-through costs
2. COMvergence New Business Barometer for H1 2022 (published September 2022)

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So, on Page 4, highlights. I think our performance for the quarter has been strong. We delivered growth of 3.8% for the quarter on the back of really a very strong performance in the third quarter last year, up close to 16%. And more importantly, our three years stack accelerated from Q1 to Q2, to Q3 this year. So, from 9.2% to 9.7%, to 10.9%, and that's an important progression in the business.

Acceleration against really a more challenging macro-environment reflects the strengths of our clients, of each of the sectors of our business, increasingly all of which are contributing to the company's growth and the broad geographic mix of WPP's business. And while we achieved 4.5% growth in the US or 4.2% in the UK, we're up 19.7% in Brazil and 10.7% in India.

Our offer, which is increasingly integrated, topped the new business league tables, we'll come back to those in some detail. We won $1.7 billion of new business in Q3, and I'd call out our wins in Nestle Media in Germany, Samsung CRM in Europe, and SC Johnson – consolidating the creative and shopper marketing business with Ogilvy and VMLY&R, all particularly important wins in the quarter.

Of course, we continue to need to invest in our offer. We're doing so organically in the fast growth and strategically important areas like commerce, data, and media, and also through acquisitions where we've been disciplined and strengthened our business with core acquisitions in the quarter.

So, net-net, I'd say our performance in the third quarter, and confidence in our offer, on our work with clients, gives us the ability to raise our guidance for the full year to the top end of the range of 6.5% to 7.0%. And at the same time, we're slightly tempering our margin guidance to up 30 basis points to 50 basis points to reflect the continued investments that we're making in the business.

So, in my view, it's an incredible performance. Particularly because we gave our original guidance at the start of the year on the day that Russia invaded Ukraine. And the fact that some nine months later, we are able to raise our guidance again and still deliver solid margin improvement, reflecting the importance of the work we do for clients, our ability to drive their results.

So, with that introduction, John can take us through the financial performance.

Thank you, Mark, and good morning, everyone.

REVENUE LESS PASS-THROUGH COSTS BY QUARTER

	£M	Δ REPORTED	Δ LFL	Δ VS 19 LFL
Q1	2,574	10.3%	9.5%	9.2%
Q2	2,935	14.4%	8.3%	9.7%
H1	5,509	12.5%	8.9%	9.4%
Q3	2,986	13.1%	3.8%	10.9%
YTD Total	**8,496**	**12.7%**	**7.1%**	**9.8%**

- 3.8% growth in Q3: impacted by China lockdowns, a Covid-related contract benefit in Q3 '21
- Q3 underlying growth 4.8% ex Covid-related contract
- Three-year growth rate improved
- Tailwinds to reported growth from FX 9.1pt (weaker £), and M&A 0.2pt in Q3
- FY guidance raised

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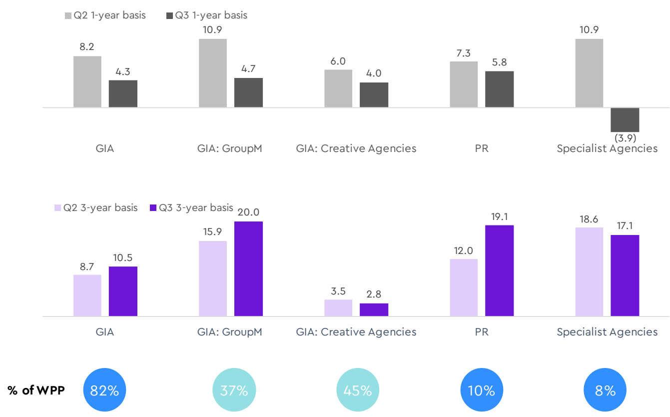
Coming on now to revenue less pass-through costs by quarter. As a reminder, we delivered like-for-like growth of 9.5% in Q1, and 8.3% in Q2. And like-for-like growth in Q3 was 3.8%, delivering a year-to-date growth of 7.1%. The 3.8% growth was impacted by ongoing China lockdowns and obviously COVID-related contract benefits in Q3 of 2021. And if you reversed that, our benefit would result in a 4.8% growth for the quarter.

On a three-year basis, i.e., versus 2019 as Mark already alluded to, growth has continued to improve through the year with 9.2% in Q1, 9.7% in Q2, and 10.9% in Q3. And as Mark already said, as a result of this momentum, we've upgraded our guidance to like-for-like growth for the full year of 6.5% to 7.0%.

CONTINUED GROWTH ACROSS BUSINESS LINES

LFL REVENUE LESS PASS -THROUGH COSTS GROWTH



- **Global integrated agencies (GIA)**
  - GroupM: continued strong performance; 3-year growth accelerated to 20.0% in Q3 (Q2 +15.9%)
  - Creative agencies: growth across all agencies; Hogarth was the standout performer
- **PR**: strong growth across BCW, H+K and FGS Global
- **Specialist agencies**: -3.9%, or +8.6% excluding impact of Covid-related contract in prior year. CMI (healthcare media) grew double-digits

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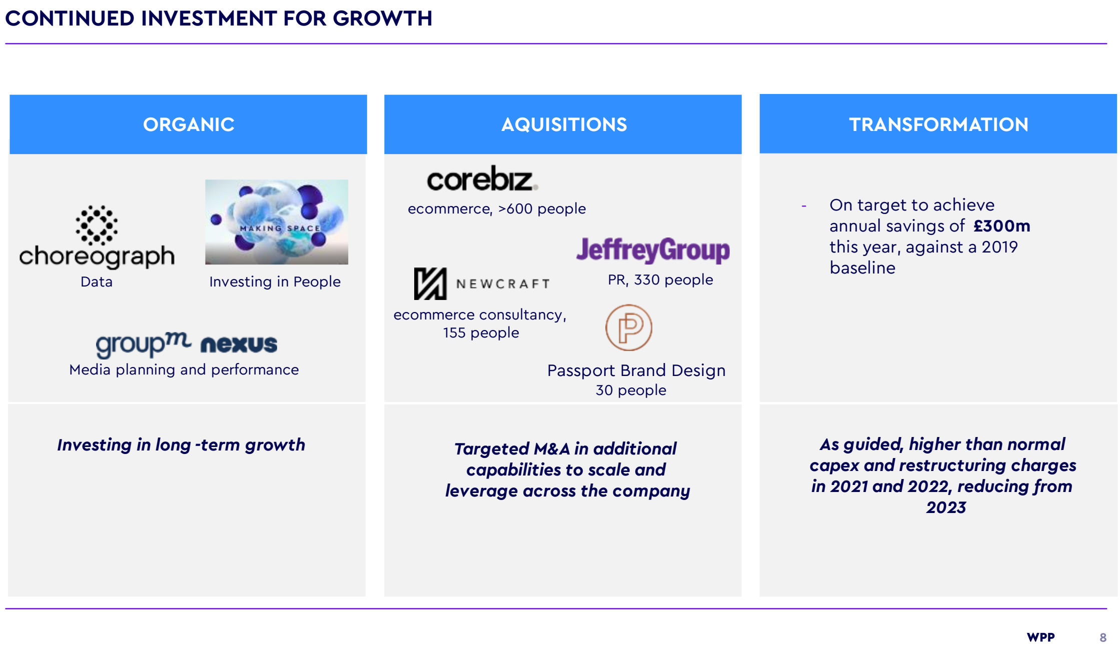
Coming on now to growth across our business lines. The Global Integrated Agencies delivered 4.3% like-for-like growth in the quarter, made up of 4.7% for GroupM, and 4% for the Creative Agencies. So, both ahead of our overall growth for the business.

PR delivered like-for-like growth of 5.8% with strong growth across all of our major businesses across BCW, Hill and Knowlton, and FGS Global.

And our Specialist Agencies declined by 3.9%, again reflecting the COVID-related contract I made a mention of earlier on. And actually excluding that impact, growth would have been 8.6% for our Specialist Agencies.

And on a three-year basis, we continue to see the growth in GroupM at 20%, PR at 19%, and 17% in our Specialist Agencies.

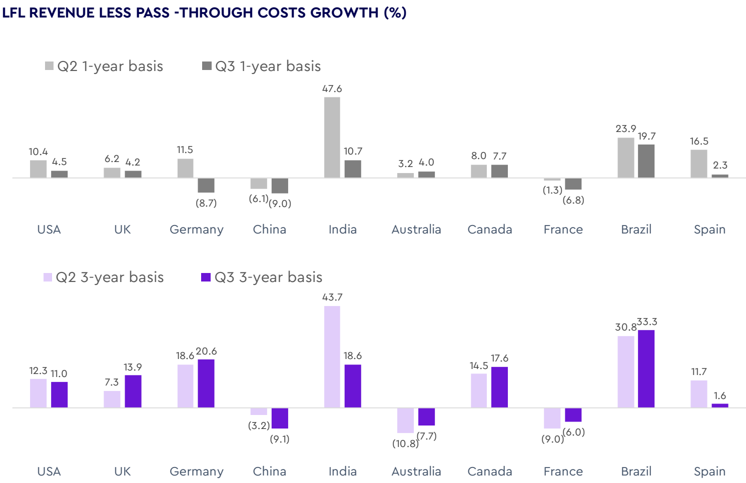


Coming on now to our continued investments in our growth, whether that's organically through Choreograph, our data business; or in GroupM Nexus, our media planning and performance business; and most importantly in our people, investing in new talent, such as events like the Making Space initiative, giving our people a company-wide break, and a series of events across our offices to inspire and allow them to reconnect.

We also continue to invest in acquisitions. As Mark said, four acquisitions in the quarter, Corebiz, a Latin American e-commerce agency; the JeffreyGroup, a leading corporate communications and public affairs business in LatAm; Newcraft, a European e-commerce consultancy based in Amsterdam; and most recently Passport Brand Design, a leading brand design agency based in the US.

We also continue to invest in our transformation, our campus program, our procurement initiatives, our new systems roll-out and shared services, and I'm pleased to say that we're on track to achieve annual savings of GBP300 million for the year against a 2019 baseline.

MAJOR MARKETS



- **USA, UK**: growth driven by investments
- **Germany**: 3.3% excluding impact of Covid-related contract in Q3 2021[1]
- **China**: continued impact of lockdowns on revenue and profitability
- **India**: slowdown reflects IPL benefits in Q2
- **Australia and Canada**: continued growth
- **France**: client losses from 2021
- **Brazil**: continued investment
- **Spain**: lapping tough comps

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Coming on now to our major markets where we've seen varied performance. Growth in the UK and US, ahead of the overall business. And on a three-year basis, we've seen an acceleration in performance in our UK business to 13.9%.

Germany has been down 8.7%, again given the impact of the COVID-related contract. Excluding that, Germany would have been up 3.3%.

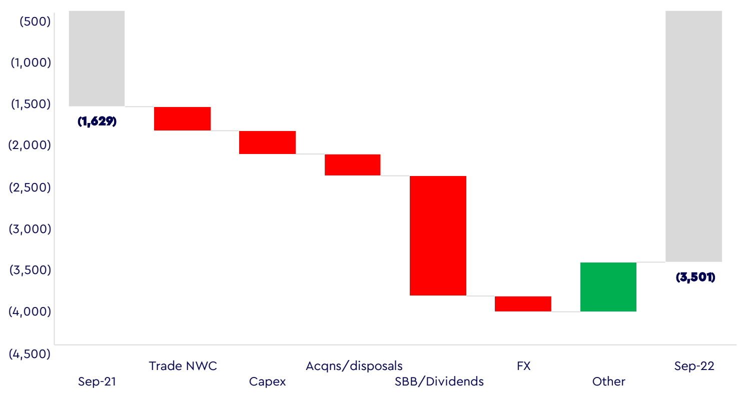
China, down 9% on the back of down 6% in the second quarter due to the continued impact of lockdowns. We did expect that to recover a little bit in the third quarter and the second half, we haven't yet seen that come through and that is weighing on both our revenue and our margins as a consequence.

India is still strong, 10.7%, albeit down on the Q2 reflecting the IPL benefits we saw in the second quarter. Australia is still recovering but yet to get back to 2019 levels. And Canadian growth remains strong. France is still a little disappointing given client losses in 2021. And Brazil is still delivering very strong growth, double-digit growth in the quarter. And Spain is lapping some tough comparators. So, varying performance across our major markets.

CASH GENERATION, SUPPORTING INVESTMENT IN GROWTH AND SHAREHOLDER RETURNS

MOVEMENT IN ADJUSTED NET DEBT SINCE SEPTEMBER 2021

£M



- Increase in year-on-year adjusted net debt driven by returns to shareholders; £1.0 billion of share buybacks completed in last 12 months
- Year-end adjusted net debt expected to be c.£2.3 billion, reflecting seasonal improvement in working capital in Q4

- Itemised movements in adjusted net debt represent management figures, which may vary from the presentation of the cash flow under IFRS
- Adjusted net debt excludes lease liabilities
- SBB/Dividends includes Share buybacks, Share purchases in employee purchase schemes and purchases into the employee benefit trust
- Acquisitions/disposals exclude earnout payments
- Other includes operating cash flow, interest, tax and other movements

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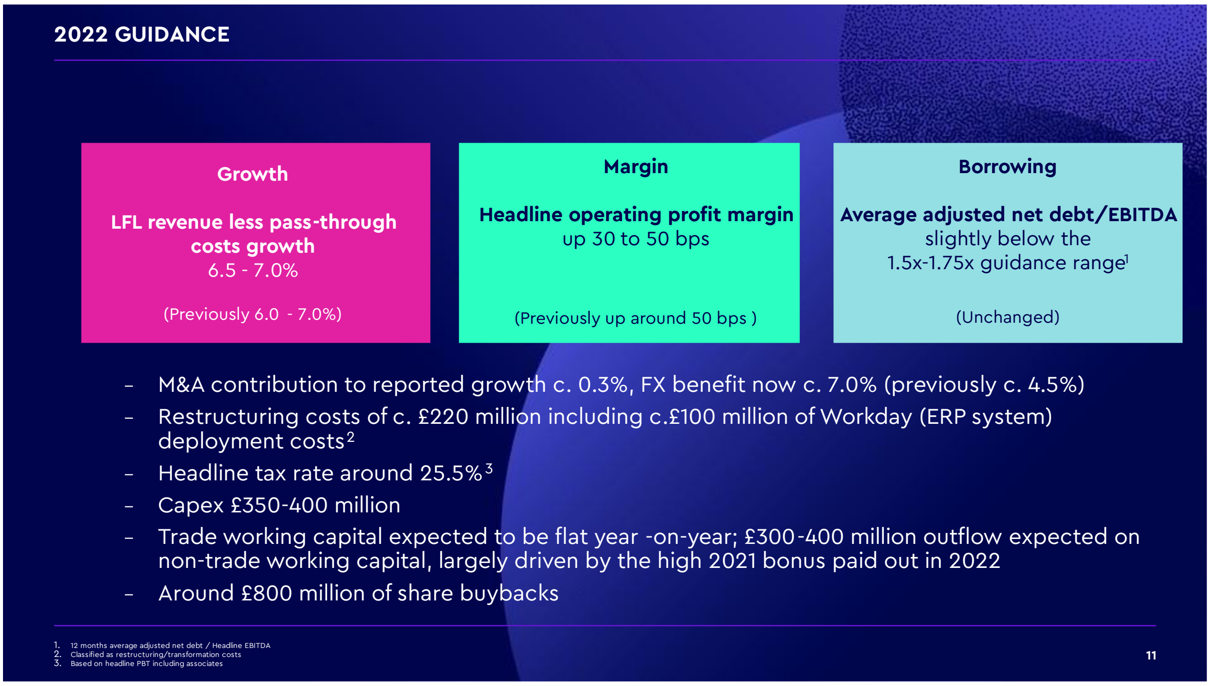
Coming on now to our net debt, there's been a year-on-year increase from GBP1.6 billion to GBP3.5 billion, driven mainly through GBP1 billion of share buybacks, over a GBP1 billion share buybacks in the last 12 months, as well as CapEx and acquisition spend to fuel our future growth and drive efficiencies in our business.

We expect our year-end adjusted net debt to be around GBP2.3 billion, reflecting the usual improvement we would see in working capital in Q4, allowing for flat trade working capital year-on-year as we've previously guided. And also, of course, there's been an outflow in our non-trade working capital of GBP300 million GBP400 million, reflecting the high 2021 bonus that of course got paid out in 2022.

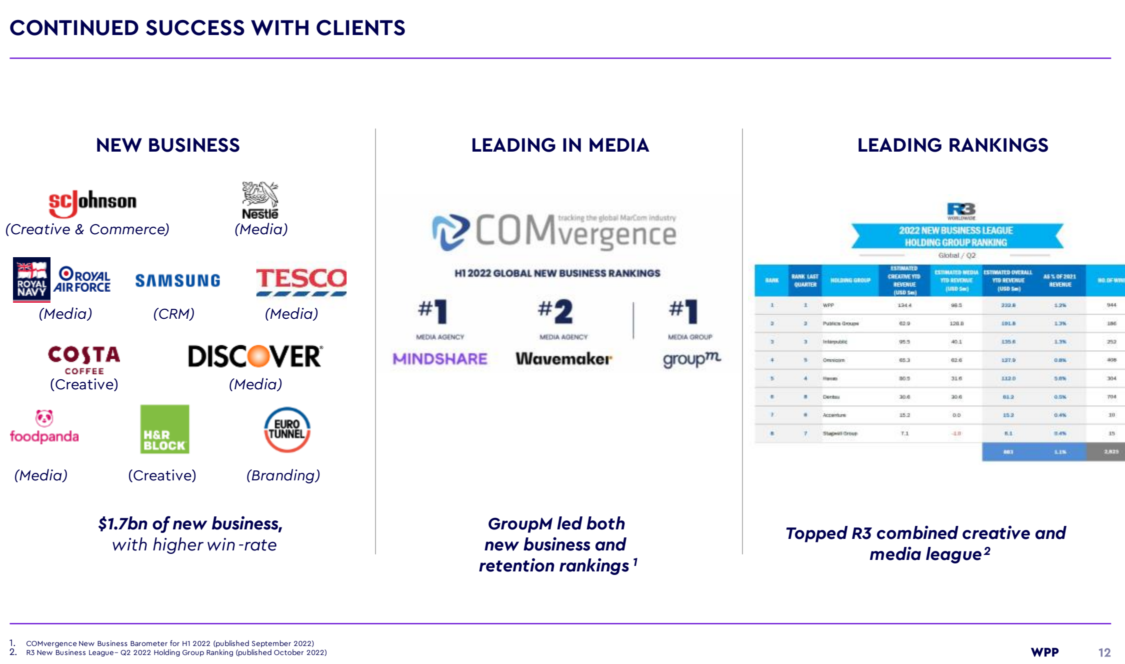


And finally coming on now to our 2022 guidance. As I've already said, we've upgraded our revenue less pass-through costs guidance to 6.5% to 7% to deliver an operating margin up 30 basis points to 50 basis points, reflecting our continued investment in our people, our data, and technology to support this growth. With net debt expected to end the year at GBP2.3 billion with an average adjusted net debt to EBITDA ratio slightly below the 1.5x to 1.75x guidance range that we've given in the past.

M&A contribution of 0.3%, consistent with what we said at our Interims. We're upgrading the FX benefit now to 7% as a result of recent exchange rate movements. As we've previously guided, we've got a restructuring cost of GBP220 million including GBP100 million of workday costs anticipated in this year 2022, and a headline tax rate of 25.5%.

CapEx GBP350 million to GBP400 million, again in line with our previous guidance. Trade working capital flat, and GBP300 million to GBP400 million of outflow on non-trade as I've just mentioned, and around the GBP800 million share buybacks which we communicated at the beginning of the year. When you add all those together, that should get you to our net debt number that we've guided to.

And with that, I'll hand you back to Mark.



So, thank you very much, John.

So, turning to Slide 12, I thought I'd touch on a little bit about what we're hearing from clients and maybe start by saying how we're doing in new business, which I think is a strong indicator of the vitality of our offer and perhaps the leading indicator of our performance.

In terms of wins, we've won or retained a number of important assignments against tough competition, and I called out the broad range of assignments and agencies that are contributing to this overall new business performance. So, an example, in media, the Nestle Media win in Germany; Foodpanda media in Asia; Discover media with Mindshare in the US; and Tesco Media with EssenceMediacom in the UK. We won the Samsung CRM business in Europe, with Wunderman Thompson driven really in close partnership with Adobe, they use their technology operations; a very good creative win with H&R Block at Ogilvy, and I called out their performance; and we're onboarding Costa into the OpenX structure for the Coca-Cola company. And then an integrated win SC Johnson, both creative with Ogilvy and shopper marketing with VMLY&R.

If you look at the two tables from COMvergence and then from R3 we are very well ranked. Number one in media overall with Mindshare coming out strongly after probably a tough couple of years followed by Wavemaker who had a really incredible performance on the technology front. So, I'd say, net-net, we remain very competitive in new business.

A few words from what I'm hearing from clients, overall I'd say that their desire to invest behind their brands and in their transformation remains strong. It may be surprising to some, but I think it persists while consumer spending remains strong and while clients need to support their brands in a more inflationary environment, as well as invest for the future and transform their business.

I don't think this is the point to give guidance for the next year, and to be clear it's not formal guidance. But I would say that the net mood among the clients does remain positive. In recent discussions with two major FMCG companies, they are looking to increase their spend in Q4 because the business is slightly stronger than perhaps they anticipated earlier in the year.

You saw comments from the Coca-Cola company on their spending in Q4 and they actually credited our performance on Fanta. You've also seen the comments from Nestle and P&G, with the first looking to slightly increase their spend, and the latter saying that while they are looking to reduce overall spend, they really wanted to make the same impact through efficiencies and shifting money from the linear non-targeted television into programmatic and digital media, in both of which by the way we have strong businesses to help their clients.

I think broadly speaking, this is the pattern we see persist across most clients. I don't think we yet see many who yet are looking to dramatically cut spend. I'd say most have a more positive attitude and that gives us the confidence to raise our guidance to the top end for the year.

I think one point that is not on this chart is Ford. As you know, Ford is our largest client, and we were delighted to hear recently that will be working with Wieden and Kennedy on their creative assignment, expanding our current creative remit to meet Ford's changing needs, and deliver more efficiency to them but also to leverage the creative strength of two strong agency partners for Ford. It's particularly important to remember where we were four years ago with Ford. I think we've seen good performance in our top four clients Ford, Google, Unilever and the Coca-Cola company all having confidence to expand their work with us recently.

SUMMARY AND OUTLOOK

- Client demand remains strong, accelerating our growth on a 3 -year stack to +10.9% in Q3
- Strength of our offer, agencies, talent and technology driving performance
  - Creative: good growth across AKQA, Ogilvy, Wunderman Thompson and Hogarth
  - Media: GroupM leading new business tables
  - Public relations and public affairs: continues strongly at BCW, FGS Global and H+K
  - Integrated offer across creative, media, data and technology, particularly powerful
- Adjusted 2022 guidance mix, reflecting the strong third quarter performance, ongoing investment in our people, and inflationary pressures:
  - Organic growth 6.5-7.0%
  - Operating margin improvement 30 -50bps
- Performance in 2022 demonstrates resilience and strength of business model and ability to help clients navigate a more challenging macro environment in 2023
  - Integrated proposition, with client, sectoral and geographical strengths
  - Solid new business performance
  - Radically reshaped over last four years

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So, in summary on Page 13, I'd say we're going into 2023 with confidence despite the challenges that we know we will face, and our plan, as it is in other times is to come through them stronger as we did with COVID.

A number of reasons for this confidence, first, client demand remains strong and our underlying growth has accelerated during the year. Secondly, we have a strong offer, excellent talent, significant investments in technology and this is really what's driving our current performance. And I'd say that each element of our business is contributing to our overall performance. So creatively I'd call out AKQA which is growing double-digits this year [correction: mid-single-digit growth], and a really strong performance at Ogilvy. Devika has recently joined or been promoted to CEO, and we see an excellent new business performance most recently with H&R Block and SC Johnson, and they have a good pipeline of opportunities. Wunderman Thompson continues to perform well; and Hogarth, our production agency – particularly important I'd call out their relevance going to slightly tougher times, their ability to deliver the breadth of production that clients need while saving money through efficiencies and offshoring, is also critical. In media, we continue to lead in new business tables, in public relations, public affairs we've talked about -- that business has been much more resilient both through COVID and continues strongly. And our integrated offer is proving particularly powerful.

I think the third reason we approach 2023 with confidence is the strength of our performance this year. We've upgraded our growth and will deliver 30 basis points to 50 basis points of margin improvement despite the investments that we're making in our people and some headwinds in China. So, I think, net-net, the performance this year demonstrates the resilience of our business and our ability to help clients navigate a more challenging macro environment in 2023.

So, thank you very much, I think it's been a good quarter. We thank our people for their hard work and our clients for their support, and open the line to questions to me and to John.

Q&A

Operator:
Thank you, sir. We'll now take our first question from Lina Ghayor of BNP Paribas Exane. Your line is open.

Lina Ghayor (Exane BNP Paribas):
Hi. Good morning, Mark, John. I hope you can hear me well. Thanks for your presentation.

Mark Read:
Yeah. Morning.

Lina Ghayor (Exane BNP Paribas):
I have three questions please. The first one is on the margin guidance. Could you elaborate a bit around the moving parts of the new guidance, and how you think of the margins for next year in the context of the current consensus, which is, I believe minus 0.6%? And the second one is on the organic guidance for this year, the top end of your guidance implies a rather stable 3-year stack between Q3 and Q4. So, my question is, what visibility do you currently have on the quarter? Is it 50% of the revenue, 70% of the revenue, so that would be helpful.

And lastly, obviously on 2023 and it's clear that the business is holding up pretty well, which is a sharp contrast with what we hear from Snap particularly, and you mentioned some confidence for 2023. So, my question is, how long in your opinion can it last, and if agencies suffer from cuts, when would you expect some cuts to come? And would you rather think from the conversation you have with client that the cuts will be sharp or rather fading slowly as the macro deteriorates? I believe some of the peers refered to contingency planning with clients, so it would be great to hear your feedback. Thank you so much.

Mark Read:
Okay. So, why don't I start and then John add to the comments on the margin and the guidance on Q4? Look I think our business has remained resilient this year to sort of take your last question first on Snap. We probably performed better than financial analysts expected, and to some extent, better

than we expected. We gave our guidance of, I think, 4% to 5% at the beginning of the year - actually, on the day that Russia invaded Ukraine and we're now at the point to upgrade it to the top end of the 6.5% to 7% range.

So, I think you asked question why does it perform better than the platforms. I think the first is we do have a broader business. We're not just dependent on advertising. Advertising is an important part of our business, but not just depending on it we're a much broader business. Secondly, we have a different client mix from the platforms, our clients tend to be major advertisers, major marketers, who understand the value of continuing to invest. They have strong balance sheets, they have strong consumer demand, and take a long-term approach to their marketing. They're not venture capital backed start-ups looking to acquire customers.

And then lastly, I think we have more growth opportunity outside of advertising. I think that one shouldn't draw a conclusion from any individual platform like Snap. If you think about it, Snap, first surprised the market back in Q1 of this year and everyone called the advertising recession on the basis of the Snap results. I think they were wrong at that time, I wouldn't over infer things into their Q3 results either. I think there's a lot of competitive dynamics around data privacy, around the growth of TikTok, around the growth of many different advertising platforms that inform that. So, I think, that's what gives us the confidence.

Now to answer the question directly on when will cuts come, or will cuts come, we'll give you our guidance for next year, next year as we see more visibility, but I don't think we're hearing that yet from clients. I think clients recognise and understand the value of what we do. We're a very different business from where we were 5 years ago or 10 years ago. It doesn't mean we're not subject to the macro environment, but I think there's a lot to look at in this year's results to understand where we'll go next year.

John, do you want to comment on the guidance for this year?

John Rogers:
Sure. Yeah. Look, as Mark has already said, we've got really good momentum going into Q4 on new business and our net sales growth. We want to continue to invest in that growth. As you say, there's a lot of moving parts in our margin. We want to continue to invest in our people, make sure we're being competitive on our salary increases, investing in events like Making Space we've actually got roughly 9% more people in the business today than we had at the start of this year [on a year-to-date average basis]. We have been dialling back a little bit on use of freelancers as we guided at the interims albeit we've actually probably needed slightly more freelancers than we planned to support the right growth of our business. It's really important that we ensure we've got the right resources, the right capabilities to serve our clients to make sure we can continue the growth on that top-line. We've had the planned investment of course in Choreograph in our data business, continued savings from transformation and of course, the extended impact of lockdowns in China, which weren't in our forecasts, and we expected that to slightly improve in the second half and that's not been the case and that's added to margin pressure. And actually, if you look to that particular dynamic alone that would have given us headwinds about 20 basis points of margin pressure for the full year. So, those are all the moving parts and that's why we've slightly tempered our guidance, we previously said we'd out turn around 50basis points. We're now saying it will be somewhere between 30 and 50 basis points for the full year.

Just on your second question with regards to the three-year stack and visibility. I mean you're right to highlight that the implied three-year growth in Q4 should be similar to Q3 and actually I think we are forecasting it being a little bit less, around 9% to 10% or so, but similar to Q3. I think we've got a pretty good visibility on that, I'd say 80% to 85% visibility on that net sales coming in. Of course clients can still cut spend; that's always the case, but as Mark has already alluded to we've had a number of very, very positive conversations with clients about the fourth quarter in and of itself.

And with regards to 2023 as Mark said, we won't give specific guidance for the year, but as you would expect like all companies, we're making -- we're doing various scenario planning to look at whatever the economic scenarios could throw at us next year and we've got a good track record of flexing our cost base through natural attrition of our people and diving into or out of freelance resource in order to flex our cost base whatever the economic climate might throw at the business.

Lina Ghayor (Exane BNP Paribas):
Great. Thank you.

Operator:
Thank you. We have the next question from Tom Singlehurst with Citi. Your line is open.

Tom Singlehurst (Citi):
Good morning. Thank you. Hey. Good morning. Tom here from Citi.

Mark Read:
Morning.

Tom Singlehurst (Citi):
Thank you very much for taking my question. Sort of two and half questions I think actually. First one, agencies in general have begun to talk about pricing power and you yourselves have alluded to this as well, I think. I was wondering whether you could quantify this impact this year and whether you think there's going to be sort of incremental pricing power sort of based support running into next year? That's the first question.

Second question in a similar vein, have you or can you quantify the contribution this year from new business performance? And then the follow-on question from that is, is it as simple as saying that you've won more business in 2022 than you did in 2021? So therefore this contribution should move up in 2023 versus 2022? So, those are the two questions on growth.

And then very briefly, I've just missed it as you said it. I think you said there was a 20% drag on margin just from the -- I think it was the China effect alone, but I wanted to confirm that, but more broadly the factors moving margin for this year from around 50% to 30% to 50%; are these one-off in nature such that regardless of what happens in the top line, we will see a bit of relief next year all things being equal? Thank you.

Mark Read:
Yeah. So, look, why don't I start with new business. I'll make some comments on pricing generally and then maybe John can add to that and talk about margin, I think we've already answered the margin question once so far. On new business, I think as others have said, new business adds 1% to 2% to our growth in a good year and detracts 1% to 2% in a bad year. There's a lot of moving parts and organic growth with existing clients is really what drives the performance as well as the macro-environment. So, I think a good new business year will support us going into next year, but I don't think it will be a significantly different approach next year and this year, but I think it's a sign of the health of the business if you like.

In terms of pricing power, look, our job is to deliver results to our clients and we do that in many ways through media plans and saving money on media, through producing work more efficiently by moving parts of our business that can be done in lower-cost locations to lower-cost locations. There are many moving parts in the way we charge our clients and overall our goal is to deliver results at the same or at a reduced cost than in the past, then deliver them ROI. I think at the same time, we are a people-based business and in times where we're having to pay our people more money to support them we're having to some extent increase our prices. But there are many factors in that, in what get billed to clients. I think overall our job is to deliver results at an efficient price to clients. And John can talk about that from a sort of quantification perspective, but I think we have to look at it in the overall mix and range of what we're doing. Not just in case of the question of putting up prices, which I think is not a constructive conversation to have with clients.

John Rogers:
Yeah. Maybe I can just build on what Mark said. I see our role as managers of the business to really help protect our clients from price increases. We want to ensure that we remain competitive in the market. Clearly a major part of our cost base is our people, over 60% of our cost base is our people and we've seen inflationary pressures in terms of our permanent colleagues. We wanted to make sure that they are properly rewarded reflecting hard work they do. We've seen inflationary pressures on freelancers as well. We had to dial into freelancers as we said at the half in order to make sure that we're supporting our clients. So, we are certainly seeing inflation on our key cost base of our people and around sort of 6% or 7% or so. But equally as Mark said, there's lots of things that we can do to help mitigate that. We've made savings in other parts of our cost base, particularly on things like travel and so forth. We also can redistribute where the work gets done in our businesses, so that we can utilise much more offshoring, which is a cheaper cost base. And so, in effect we can protect our clients from some of that inflationary pressure that we're seeing in our business.

I said in the first half at the interims that I thought we were probably on average putting price increases through 1.5% to 2%. But I said at the time that there's still more work to do in order to push price increases through for the full year. I suspect when we look at things in the round of the end of the year, we'll see overall price increases of 2% to 2.5%. So, as you can see, evident from the fact that our cost base going up 6 to 7% and our price increases at about 2% to 2.5%. We've done a pretty good job of protecting our clients from those inflationary pressures. At the same time as planning to deliver 30 basis points to 50 basis points of margin accretion for the full year.

And in terms of again, just I don't want to come back to that margin question. For clarification what I said was and I think in some ways it's wrong to pull out individual components, because as I've already made clear, the margin is made up of a lot of different moving parts, but you did ask specifically about China. And just to ensure understanding we said that actually China alone as a consequence of the lockdowns that we've seen throughout this year will be a drag on margin of about 20 basis points in and of itself. But again, I think it's wrong to probably shine a light on one particular factor. There's a multiplicity of factors that ultimately contribute to our overall margin and to our guidance of 30 to 50 basis points. But China certainly is a headwind of 20 basis points that we hadn't foreseen at the start of this year.

Tom Singlehurst (Citi):
That's very clear. Thank you very much.

Operator:
Thank you Tom. We now have Silvia Cuneo of Deutsche Bank. Your line open, Silvia.

Silvia Cuneo (Deutsche Bank):
Thanks. Good morning, everyone, and thanks for taking my questions.

The first one is on macro. Just wondering if there are any markets, where you think macro is having more than impact already and if you could comment on that. For example in the U.S. or Spain we noticed you reported slightly lower momentum on a three-year basis for like for like growth. So, just wondering if there is anything more than comp effect?

Second question is around the cost savings. You confirmed today that you are on target to achieve the annual savings of GBP300 million and I've seen that during the quarter, you reported the opening of another WPP campus in Canada for example. So, just wanted to ask if there are potential areas for more savings looking at next year and how you're tracking with the WPP campus program.

And then third question just on Choreograph. Can you please set an update about the investments and can you quantify that? And what's been the adoption so far on the new business negotiations? Thank you.

Mark Read:
Okay. John, do you want to take those? Maybe on the macro, I wouldn't read too much into the variances country by country. I think it depends more a little bit on new businesses competitive performance in the market. I think we're seeing, as you saw in the results maybe, continued resilience in the U.S., surprising resilience in the UK, slightly tougher performance in Western Continental Europe, I think it really tells through what you see in the quarter really to answer that question. John can tackle the cost savings and campus.
And what was the last question was about?

John Rogers:
Choreograph.

Mark Read:
Choreograph, okay. You can talk back about financial impact of that as well.

John Rogers:
So, well, just maybe just to share some numbers I think you particularly asked the question on the U.S. market and the three-year growth. Actually, I think on the U.S. market, we saw - just to be clear - three-year growth of 10.6% in Q1, 12.3% in Q2 to give overall growth on a three-year basis in the half of 10%. Actually in Q3, we saw that growth at 11%. So, we saw an acceleration of our three-year growth in the U.S. So, we feel very confident about the performance of the U.S. as you said in the past it's been perhaps a challenging market for us. But throughout this year, it's grown ahead of the rest of the business and we seem to be recovering strongly. And in terms of Q4, again I'd expect to see a similar sort of three-year wrap in Q4 as well, but the U.S. business continues to move ahead, I think, in a positive manner.

I think on cost savings, obviously, cost savings come from a number of areas across our campus program, our procurement program, and some of the changes we're making through shared services and standardised systems for example. We set out our guidance on our cost transformation program at the Capital Market Day in December of 2020, where we said that by 2025, 2026, we'd save GBP600 million of which two-thirds of which would reinvest back into our business and GBP200 million of which will drop through to the bottom line; that's the overarching guidance on our transformation cost savings.

As we highlighted in statement today, we're on track with that plan, so GBP300 million of savings this financial year and we did actually set out in December 2020 - there's actually a graph in the presentation that shows a broad forecast of what we anticipate to deliver in each of the years following, '24, '23, '24, and '25, and '26. It's not an accurate forecast, but it's indicative in terms of savings levels and we remain on track with that trajectory, so we're comfortable with our savings plan.

With regard to our campus program, we've made really good progress, certainly by the end of this year we'll have over half of our people located in about 38 campuses. And we remain on track to have about 75% of our people in campuses by about 2025-2026. And that's obviously delivered cost savings at the consequence of moving into those campuses, but as importantly, I think it's created fantastic collaboration across our agencies. I was in our Jakarta campus recently in Indonesia and it was great to see how by bringing the teams together, they really work much more closely together and actually they have an executive team that comprises of all the CEOs of the agency, different agencies in Indonesia, who sit and operate and collaborate and work together, which is a great positive of moving people into the same buildings.

On Choreograph, I mean, I wouldn't want to split out the investments specifically that we're making into Choreograph other than to say that they are substantive and rightly so. And we're very proud so far of the progress being made in terms of the investments that we're making there and we'll update and give more detail when we come to our prelims in February.

Silvia Cuneo (Deutsche Bank):
Thank you.

Operator:
Thank you. We now have Lisa Yang of Goldman Sachs. Please go ahead when you're ready Lisa.

Lisa Yang (Goldman Sachs):
Good morning. Three questions as well.

Mark Read:
Hi, Lisa.

Lisa Yang (Goldman Sachs):
First question, coming -- hi -- coming back to the margin, I'm still trying to understand what has happened here, because obviously you've upgraded organic guidance like 2 points, so you should see some operational leverage from this faster growth, I understand the 20 basis points drag from China explained like for like the downgrade from the 50 to 30 to 50, but yeah, I'm just wondering why we're not seeing more operating leverage, is the high growth coming with low margin? That's the first question.

Secondly, I think you gave a useful update on the cost inflation you're seeing on your staff. Is that for permanent or is that permanent and freelancers? And what's your plan in terms of headcount growth for permanent and freelancers for the year and on incentives are you still happy with going back to the sort of normalised figure, GBP400 million for the year?

And thirdly, yeah, just wondering because China was very weak and there is still a lot of uncertainty there, so in your guidance of 4 to 6% for Q4 for the group, like what are the assumptions you're making for China? What's baked into the guidance? Thank you.

Mark Read:

Yeah, look, maybe it just on margin, Lisa, look, I don't think it's a great mystery. I think we --the business has continued to perform strongly. We continue to invest in people and to support that growth in Q4, the most important of quarter of the year, and we tempered it very slightly from 50 to 30 to 50, I don't think it's a significant difference. And you could attribute all of that to all of that to China if you wanted. I think rather than have a sort of laundry list of reasons. Net-net it is really just the result of the investments we've made in people and continue to support our clients and we continue to support the growth going into next year, so, that's really where we are.

I mean John, do you want to talk little bit about cost inflation? Look I think on China itself, our guidance for the year takes into account all the factors of which we are aware, including China, there isn’t much more to say to it than that either.

John Rogers:
Just on cost inflation, as we said, we sort of base across our sort of permanent headcount we’d say average for the salary increases around 5% to 5.5%, and there is a little bit in there that’s including promotions as well, as we've already said, on freelance which is sort of 10% of our workforce, we're seeing inflation of around 15%. If you net all that together that's the sort of circa 7% average increase. Hence, that's been a part of our key cost-base inflating. As I said earlier on, we've done a great job of protecting our clients from those increases by changing the way that we support them in serving the business.

In terms of your specific question, just in terms of numbers, we've actually, as I said already, we've increased our permanent headcount broadly speaking about 9% from the start of the year [on a year-to-date average basis]. We've actually successfully, as I said at the half and at the interims, we’ve managed to reduce our dependency on freelancers albeit as I alluded to perhaps not as much as we would have planned to, because we wanted to continue to support our clients and that's been a little bit of a drag on margin.
So, again, not to labour the point on margin, as we’ve probably answered that question already, but if there were two factors that I would call out at this point, I would say one of which is China with sort of 20 basis points or so headwind as a consequence of the lockdowns that we’ve seen, which weren't forecast at the beginning of the year. And I'd also say whilst we’ve done a reasonable job of reducing our dependency on freelancers, there's a little bit more that we can do there and I think those two factors combined resulted in a slight softening and we were saying around 50 basis points we're now saying 30 basis points to 50 basis points. We could still deliver the 50 basis points. We'll see where we get to at the end of the year. So, I think those two factors would explain that away. And I think that covers it. Thank you.

Oh no, sorry, one more question I've got on the bonuses for the year. Last year, just again for clarification, we paid our total bonus pools of just over GBP500 million; and as you said, we're comfortable with a sort of GBP300 to GBP400 million range for 2022, somewhere in the middle of that range probably will be where we'll end up for the year. Thank you.

Lisa Yang (Goldman Sachs):
Thank you.

Operator:
We now have Julien Roch from Barclays. Please go ahead when you're ready.

Julien Roch (Barclays):

Yes. Good morning, Mark; good morning John, and the gang. Three questions if I may; Mark, as you highlighted Creative as an area of turnaround; how much will Creative be up organically this year assuming which you're quite likely to do you make your 6.5%-7% organic for the full year? It's probably easy for you to give us a number taking into account like AKQA, Wunderman Thompson, but I was wondering whether you could try to split the more digital business within AKQA and Wunderman Thompson and the more traditional creative to have an idea of turnaround of traditional creative, which was a drag in the 2017-2019 years. That's my first question.

The second one is on macro rather than trying to ask you to dust off your crystal ball for next year, a different question, do you think clients have really learned a lesson from previous cycles and will cut brand advertising less in the downturn, or same as usual they'll cut if macro is weak? The WFA survey of 55% of the world largest advertisers are indicating that 74% of them said that their budgets are linked to macro would indicate that nothing has changed, but wanted to have your view on that? I'll stick with two actually. Thank you.

Mark Read:
Yes. Look, I think on the Creative agency question, if we can't split out – there's no such thing as traditional creative and non-traditional creative – it's just Creative. So, I can't really the answer that question. Our Creative agencies grew year-to-date 5.2% on growth last year. I think it's a pretty – I think it's a pretty credible performance. In terms of the cyclicality of the business, look, I think that we are a cyclical business. As I pointed out before, we have a much broader business than just advertising. And there's some reasons to think that may or may not be less cyclical depending on what happens next year. I'd just be careful not to sort of catastrophise 2023. I think there are parts of our business such as India growing this year 10%, Brazil growing this year 20%, Southeast Asia will be less affected. I think consumer remains relatively strong; I think clients' attitude I would described as constructive. So, I'm not saying we're not a cyclical business, but I think that you just need to keep things in perspective in an environment of rising prices and clients seem to put through prices increases and innovate. They're going to continue to invest in supporting their brands.

Julien Roch (Barclays):
Okay. Thank you.

John Rogers:
And maybe just a little bit of colour on what Mark said on the Creatives, we don't obviously break out the individual agencies, but just to give you a little bit of colour, I mean as Mark says, growth year-to-date 5.2%. Ogilvy has had a really strong performance so ahead of that ahead of the pack, and we've seen some really good new business wins in Ogilvy, and it really feels although we have started to turn the corner in building that new business momentum, so that's really a positive sign.

Wunderman Thompson, a little bit behind the 5.2%, but not far off. VMLY&R has had quite a relatively tough year, but let's not forget that in 2021 and 2020, they were the standout performer amongst our agencies, had a really, really strong performance in those two years. So, on a three-year basis, they're very strong, but a little bit -- little bit more challenged in 2022. And AKQA group again, ahead of the pack. And as Mark says, AKQA saw double-digit growth [correction: mid-single-digit growth]. So, a really positive performance and then Hogarth again going great guns, double-digit growth for the year-to-date. So, I think that gives you a little bit of a flavour across the -- across that Creative spectrum, but some, I would say some very solid and good performing businesses.

Julien Roch (Barclays):
Thank you.

Operator:
Thank you, Julian. We now have Omar Sheikh of Morgan Stanley. Your line is open.

Omar Sheikh (Morgan Stanley):
Yeah. Morning, everyone. I've got a couple of questions if I could. Maybe starting with China, could you maybe just remind us what -- how much China is as a proportion of total I think it's about 10% or 11% of revenues and what kind of business is that? Does it reflect as the business mix reflect the rest of WPP or is it more media-related? Some sort of colour on that would be helpful.

And then just on the outlook for '23, Mark, I don't know whether you could sort of give some comments about how you're thinking about the growth of China business next year, just in the context of all the kind of growth concerns about China more broadly that are currently out there? That's the first couple questions.

And then just secondly, maybe for John on hiring plans, I think you said year to date, FTE headcount was up 9% for the year. Just want to clarify that and are you still seeing the same level of attrition as you normally do, so does that give you a little bit of flexibility as you go into next year perhaps to kind of lay the ground for perhaps it is slightly more challenging market conditions and sort of commentary on your hiring plans would be helpful. Thanks.

Mark Read:
So, China is about 5% of our business, Mainland China. It's probably, it is different from the rest of WPP, a little bit different. It is probably a little bit more media focused. We have a strong multinational client base, but actually strong domestic Chinese client base, probably 60% multinational, 40% domestic Chinese. It's more digital to the other question - 90% of ad spend today. More e-commerce driven, more social, and media is probably a bigger percentage of the mix overall, which makes the market I think a little bit more volatile and I'd say this for WPP overall and that's why you do see a little bit more volatility in our performance in China. And on the basis of what goes down must come up, as things open up next year probably we'll see little bit of volatility going the other way.

John, do you want to talk a little bit hiring?

John Rogers:
Yeah. So, just to confirm Omar the increase in headcount year-over-year from staff this year to now is 9%, so you were right in that respect. On attrition, we've seen attrition come off little bit over the last month or so. So, we were running at about 30%. We're now starting to come back to around 25%, 26%, which is the normal level that we would see in this industry. So, again to give you the history, of course, we saw attrition come off through COVID, when we came out of COVID, we then saw attrition rise through to 30%. And then more recently, we started to see that come up again, but it's still around the industry normal of 25%.

And in terms of your comments around going into next year, I mean, just to be clear, as is true of every year, when we move from Q4, one of our biggest quarters, to Q1 our lightest quarter we always go through an exercise of planning and forecasting and thinking about how we manage our cost base. And I would say often the success of the year is often dependent on how successfully we manage that Q4 into Q1 transition. And that is no less important this year for obvious reasons. And so, as we said, we are doing a lot of planning going into next year. There's a full range of potential outcomes, but the fact that we can, in inverted commas, rely on a 25% churn rate naturally in our business as well as flexing our 10% freelance mix again gives us great confidence going into '23 that we can manage our cost base accordingly, whatever the economic headwinds may throw at us.

Omar Sheikh (Morgan Stanley):
Great. That's very clear. Thanks a lot.

Mark Read:
Thank you.

Operator:
Thank you. The next question comes from Richard Kramer of Arete Research. Please go ahead when you're ready, Richard.

Richard Kramer (Arete Research):
Thanks very much. Mark, on Google's call last night, they cited some pull back in some advertisers and in areas like financial services and crypto and so forth, and it's been a bit of a debate among investors whether agencies have simply not seen these sort of pullbacks, because you deal with larger clients, but I guess my question is do you see a gap opening up between some of the larger brands you've mentioned with some of the SME or D2C brands that have emerged as challengers in the past few years that seem to be struggling with sustaining brand spend?

And my second question is - you mentioned the shift from linear to addressable TV and cited P&G as an example and we see some big new pools of inventory opening up maybe in private marketplaces or programmatic guaranteed deals. Is there an opportunity for WPP to capture a greater share of that TV ad spend by direct media buying on to those platforms instead of going through some of the CTV DSPs? Thanks.

Mark Read:
Yes. So, look, I think on sustainability of spend, we don't have a major client base in crypto and I think there's no doubt that some of the digital spend has been driven by venture capital backed, customer acquisition, sort of longer term funded or short-term funded businesses that have pulled back as the economy has changed and I think that our client mix is different.

Now, there were times 5 or 10 years ago, where perhaps that made life tougher for us in comparison and then maybe times like now where maybe it's slightly better for us. So, I think in the main our clients continue to spend and probably do view this as a long-term investment rather than something that sort of funded by short-term capital.

On your question, so I think there's a big opportunity from the shift linear to addressable television. I think firstly, clients were beginning to wonder about the availability of advertising inventory, and the growth of advertising on Netflix, the growth of Peacock. The number of platforms gives them more opportunities invest in content, and I think that’s positive. I think we have a strong business in connected television through Finecast. Finecast has been growing 10%, 20%, 30% over the past few quarters, grown very strongly. And there is opportunity for us to connect and work in different ways with these platforms just as we have with Xaxis and help clients into connected television. And I think that net-net this will be another positive to us. So, I think there are reasons why the growth of the holding companies, if that's what we’re called, in the first half was better than the growth of the digital platforms in the first half. And I think it talks to the broader business that we have, the different client mix we have, the new newer growth opportunities in other areas actually we have beyond advertising and the changing nature of our business.

Richard Kramer (Arete Research):
Thanks. That's great.

Operator:
Thank you. We now have Richard Eary of UBS. Please go ahead when you are ready.

Richard Eary (UBS):
Thank you. Good morning Mark, John. Three questions from myself. The first one just comes back to looking at sort of the inflation impacts on the business both on revenues and costs. You talked to obviously about upgrading guidance this year from the start of the year from 4% to 5% now to 6.5% to 7%, but you also talked on the call about cost increases of 2% to 2.5%. Is that the large reason for the upgrade, is that as inflation has come through, you've been able to pass that on and therefore that's had a positive impact on the organic growth or is it a mix issue, where you've seen better demand for other services? So, just trying to get clarity on that, because as we go into next year and there's still inflation in the system does that protect against any sort of weaker volume growth or does that not help in a weaker market environment? So, that's the first question.

The second question, just on Q4 and I think relative to your peers, your guidance is obviously, for a stronger Q4 relative to the peers, which around 4%. You're probably 5% to 6%. And I'm just trying to understand, is that due to your view on account with momentum, where you've obviously got that 80%-85% guidance or is it more about conservatism from your peer group? So, we are just trying to understand is the opportunity in Q4 just around account win momentum or is there something else in there?

And then just lastly going back to let's say auto as a large component, which has probably been, let's say out of the ad market or less prevalent in the ad market in the last couple of years because of supply chain issues. It'd be interesting to get your thoughts, now that you’re getting greater involvement with Ford as your largest customer to see what their plans are for 2023, and whether auto comes back in little bit better shape and that helps provide some protection as well for let's say the advertising mix?

Mark Read:
Look, why don't I tackle that? I think on Q4, I mean, I can’t comment on what we are thinking compared to competitors, our peers I don't know they’re thinking. I think our guidance takes into account everything we know about the year and we’re confident that we'll deliver it.

I think on the inflation mix again, I think it's hard to disentangle price versus volume. What I'd say is that I think clients -- if they're seeing -- if clients are seeing strong top-line growth, they tend to invest more in marketing, and I think that’s what we're benefiting from not really a price impact on our business, I think just overall aggregate client spend and within that mix we're trying to earn a fair price for our services.

On the autos question, there's no doubt that the auto market has been challenged the last couple of years. I can't comment specifically on Ford's plan but I think auto companies, like everyone, are looking to drive brand, they’re looking to drive sales. We hope that the chip shortage will alleviate. They have a -- Ford have an attractive range of new models coming through. We'll have to see what their plans are. But I think all clients are looking to drive a greater efficiency and greater return on their marketing spend. And that's what we'll see and we'll have to see how that translates into '23. Because there's many moving parts there's the chip shortage, there's the build-up of cars, there’s the macro environment. So, I think it's just sort of hard to read more broadly. What I would say is that the auto market is becoming more competitive. There's a lot of EVs being launched, a lot of new models being launched and typically in a more competitive market, clients tend to spend more. We'll have to see what Tesla does; if Elon ends up owning Twitter, maybe he'll push more -- push more through that; let's see.

Richard Eary (UBS):
Thanks. Can I just ask a follow-up question? I don't know whether you can sort of answer this. Is that -- as the business mix has shifted, could you give us an indication of how much of the business is now sort of priced out on a sort of cost-plus basis, relative to where it was in previous cycles? I mean you mentioned obviously the business is very different from where it was in five years ago, but it be trying to get a better understanding in terms of how we think about it from a sort of cost-plus perspective.

Mark Read:
I don't think that -- I don't think that's significantly different from five years ago. I think what's -- or even 10 years ago. I think what's most important is the extent to which clients take a long-term view, which I think more clients are doing. I think the breadth of our service beyond advertising or media spend, which is no doubt the most cyclical part of our business. And I think that is now broader. And I think important to understand is the geographic breadth of our business, it goes beyond the U.S., or indeed the UK, where we tend to focus. So, I don't think you can read too much into the pricing point.

Richard Eary (UBS):
Okay. Thanks.

Operator:
Thank you. We now have Matti Littunen of AllianceBernstein. Your line is open.

Matti Littunen (AllianceBernstein):
Hello. Good morning just a quick follow-up on that pricing discussion, so thank you, John for that 2% to 2.5% effect from price increases or rather 2% to 2.5% price increases that you mentioned. Now I just want to connect to the earlier question about, is that just for the business where you bill on a scope of work basis or in that effect, do you calculate anything from, for example, the impact of higher media prices on the absolute level of commissions you get in GroupM for example?

And the other question I had was on Xaxis. So, could you give us an update on how that business performed this year so far? And what the main growth drivers have been? Thank you.

Mark Read:
Do you want to take that, John?

John Rogers:
Yes. So, on the question on pricing, I think the 2% to 2.5% is a blended rate across the business, so it includes all the component parts that you've described and we wouldn't want to sort of break it out into any more details than that, but the 2% to 2.5% is across the board.

In relation to Xaxis, it has been a little bit more of a challenging time in Q3, I would say than historically, but on the back of very, very strong comps in Q3 of last year, so last year we were up 23% or so in Q3. This year we're down a little bit, but over a two-year basis, we continue to progress and go forward.

Matti Littunen (AllianceBernstein):
Very clear. Thank you.

Operator:
Thank you. We now have Matthew Walker from Credit Suisse. The line is open, Matthew.

Mark Read:
Hi, Matt.

Matthew Walker (Credit Suisse):
Thank you, Operator. Hi, Mark; hi, John. Thanks for taking the question. The first one is on visibility, obviously you've got the commerce and technology business. You've got the media and you've got the creative production. How much visibility do you have in terms of like number of months, number of quarters, for the different types of businesses? Is it significantly longer in commerce and technology versus the other buckets? That's the first question.

The second question is back to pricing. I think, John commented before that price increases were kind of like going through on one-third of the client base and then one-third was in discussion and then one-third was grandfathered. Can you give us a bit of an update there like, is this 2% to 2.5% coming from, just one-third of the client base or has it moved to be broader than that now? And then, the last question is on what is the cash spend on a for all the deals that you have year-to-date, please?

Mark Read:
Okay. I'll talk about visibility. Look, I think the visibility question is, we're starting to have conversations with clients about budgets for next year. I'd say without giving guidance those conversations fall into the category of what I described before, but you know things change, don't they? So, I think it's -- our visibility is no more or less than it is I think at any other time. I don't think the visibility is changed. I think sort of market analysts' paranoia has increased more than market visibility has reduced. And you have to look at the breadth of our business, breath of our offer, the breadth of services for clients and, just be aware, be cognizant that plans change. I mean I'd just advise you just to read -- If you look at what was said on the Coca-Cola call yesterday, I think this is a good example of how clients think about it. They want to continue to invest, but they're willing to adjust in short term if they need to. So, I think that is what's more important than visibility. I'll let John go into the degree of detail he is willing to on pricing.

John Rogers:
Just to also talk about, you asked the question very specific about commerce experience and technology. I just want to remind you what we said at the half, it isn't - as Mark has often said in the past - the way that we look at our business, because we very much think about ourselves as having an integrated offer across our agencies into our clients. We do look at it on a six-monthly basis though, so at the half and at the prelims we try and break out component parts of our work that are related to Commerce and Experience the Technology. And if you remember what we said at the first half was that we've seen in our Global Integrated Agencies, excluding GroupM, an increase in the percentage of work that those agencies did to about 39%, being Commerce, Experience and Technology related and what that really meant in practice, for that 39% of GIAs excluding GroupM, was that we'd seen Commerce, Experience and Technology grow by about 10%, double-digit. On average the Global Integrated Agencies excluding GroupM grew by just over 5%, so you can work out the math. Therefore the rest of the business grew at about 3% or so. So, that's what we said at

the half. It gives an indication of the split of work in those areas across our Global Integrated Agencies and the nature of the growth that we're seeing in those parts, hopefully that's helpful.

On pricing, I don't want to get sort of drawn into too much detail here, but we said at the half again exactly what you just replayed back, and we said that would translate into at the time price increases of roughly 1.5% to 2%. We've clearly extended our work as you described into those areas that we hadn't seen price increases and hence why I said on the call today, we'd expect price increases for the full year to end at around 2% and 2.5%. So, hopefully that's clear. And the cash spend on the deals to date is just under GBP150million.

Matthew Walker (Credit Suisse):
Okay. Great. Thank you, guys.

Operator:
There are no further questions. At this time, I would now like to hand the call over to Mr Mark Read for further closing remarks.

Mark Read:
Very good. Well, thanks everyone, thanks for listening and thanks for your questions.

And in conclusion, I’d say, we've had a strong quarter with an accelerating three-year growth during the year, and as we look at next year, I’d just make these three observations.

First, what we do is critical to our clients and that's demonstrated by the strength of our growth this year. Secondly, we have a very strong offer, very strong people, agencies, technology, and good new business momentum and a good pipeline going into next year. And third and last, we're a very different business from where we were 5 and certainly 10 years ago. We’re an important advertising business, but we're not just dependent on advertising. We have broad growth opportunities and a fantastic business in markets like Brazil and India, and Southeast Asia that give us a resilience.

So, that said, we are aware of the macro issues, its necessary to caveat. We're able to react to protect our profitability as needed. But the key thing has to be to come out of 2023 in a stronger position than we entered it. That’s what we intend to do, and thanks to our people and the strength of our relationships with our clients. I'm confident that we'll be able to do that.

So, thanks everybody for listening and we'll keep in touch. Thank you.

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