

WPP 2022

Annual General Meeting

Transcript of Chairman and CEO Presentation

Tuesday, 24 May 2022

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Roberto Quarta
Chairman, WPP

Good afternoon to you all and welcome to WPP's 2022 Annual General Meeting. I am Roberto Quarta, Chairman of WPP. I am delighted to welcome shareholders both virtually and in person at our offices today. We believe it is important to offer a range of options to shareholders to be able to access and participate in this meeting and as always we welcome your feedback on the experience. It is now just after 2pm and I can confirm that a quorum is present and I declare our Annual General Meeting open.

Let me now turn to the business of the meeting, but before I do that I would like to introduce my fellow Board members, the majority of whom are physically present with us today.

Turning to my immediate right, we have our CEO Mark Read, next to him our CFO John Rogers, and to his right, Sandrine Dufour, Chair of our Audit Committee. To my immediate left, we have our Company Secretary, Balbir Kelly-Bisla, next to her, our Senior Independent Director, Nicole Seligman and next to Nicole is Jasmine Whitbread, Chair of our Compensation Committee and next to Jasmine, we have Keith Weed, Chair of our Sustainability Committee.

Behind me and starting from my right to left, we have Non-Executive Directors Jacques Aigrain, followed by Cindy Rose, and next to Cindy we have Tom Ilube and next to Tom is Angela Ahrendts, and next to Angela, we have Dr Ya-Qin Zhang, followed by Simon Dingemans who joined the Board early this year, in January.

Unfortunately, Tarek Farahat was unable to join us in person today, but has joined the meeting virtually. Sally Susman, who is retiring from the Board at the end of this meeting, was also unable to join us today.

Now before we proceed with the formal business of the meeting, I would like to make a few comments and to share my reflections on 2021, and ask Mark then to present an update on our business performance. So let me start with the Board.

As we set out in the Annual Report and Notice of the AGM, Jacques Aigrain and Sally Susman, will not be standing for re-election at this

meeting, having reached their nine year tenure on the Board. On behalf of the Board and personally, I would like to take the opportunity to acknowledge and to thank Jacques and Sally for their significant contribution to WPP and service to your Board.

During 2021, we continued our proactive review of Board membership and in January of this year we announced the appointment of Simon Dingemans as a Non-Executive Director. We are all very delighted to welcome Simon to WPP. His insights from a varied and distinguished career, combining both operational and financial experience, including proven listed company experience, will be invaluable to the Board. His appointment will ensure that we continue to have the expertise, diversity and experience required, to support the transformation and success of WPP.

But before we turn to our performance in 2021, I would like to address events at the beginning of the year. I think it is fair to say that the world has once again changed in ways that we could not have anticipated.

The invasion of Ukraine has of course, had a devastating impact on our 200 people based in the country. Those who remain there, and those who have been forced to leave, have faced appalling circumstances, with extraordinary resilience and bravery.

The response of our people in the region and worldwide, has been truly inspiring and Mark will talk more about that and share in his presentation, some of the actions that we have taken to support our colleagues in Ukraine, alongside our wider response to the crisis.

Now moving on to our financial performance in 2021. WPP had a strong year, demonstrating both its enduring strengths and its capacity to innovate against the backdrop of the Covid pandemic. Our financial performance over the year reflects the talent and broad expertise of our people, the durability of our client relationships and the resilience of WPP's business model and the long-term sustainability of the Company.

It also reflects the success of the strategy first announced in December 2018, which has set a clear vision and purpose for the Company, modernised its offers to our clients, reinvigorated its culture and simplified its structure and indeed returned WPP to growth.

Now we remain on track to deliver on our medium-term financial targets and our dividend policy continues to be, to grow the dividend annually and to pay out approximately 40% of headline earnings per share.

The scale and breadth of our client and partner relationships, our presence in more than 100 countries and our understanding of consumer behaviour globally, means that WPP is in the privileged position of being directly and uniquely connected to many of the trends, issues and organisations shaping our world, including the pressing issues that we face today as a society.

The Board and the leadership team, are firmly committed to the ESG agenda. In April 2021, WPP announced an industry leading commitment to achieve net zero carbon emissions across our value chain, by 2030, supported by science-based targets and in June we hosted our first ever ESG investor event.

As the world leader in the buying of advertising space and production of advertising content, WPP has the potential to make a tangible difference and I am pleased with our progress and leadership position in this area.

While we still have much work to do, the Company also made progress in Diversity, Equity and Inclusion, or DE&I. For example, we were pleased to be ranked in the top 10 for gender representation among senior leaders and at Board level in the FTSE Women Leaders Review, and to have exceeded the Parker Review target, on ethnic diversity.

Now during another uncertain year, our people once again demonstrated their commitment, talent and creativity. As well as meeting the challenges posed by the pandemic and exceeding the expectations of our clients, they continued to address broader societal issues through their work and participation in company initiatives.

Particularly in this current environment, to be able to continue to attract, retain and develop talented people, we need to be a place that offers modern, flexible working environments, a company that listens to its employees, enables career growth and fosters an inclusive culture that celebrates diversity and difference. Our people strategy is a primary area of focus in 2022, both for the Board and the executive team. Ultimately, it is the Company's employees who will help build better futures for all our stakeholders and on behalf of the Board, I want to thank each and every one of them.

I would now like to finish by reiterating the significant progress the Company has made on its strategy over the last year and since it was first outlined in 2018. The Board and management team remain fully committed to delivering long term value creation for our shareholders, and the Company's performance in 2021 gives us great confidence in its future. Now, I will now handover to Mark.

Mark Read
Chief Executive Officer, WPP

Thank you very much Roberto and it's good to see everyone back here in person and for our shareholders to have a chance to see us directly in person and those of you joining us on the video.

SLIDE 4 – CAUTIONARY STATEMENT

I would like to give you a brief review in our performance in both 2021 and the first quarter of 2022. First of all, please bear in mind the important caveats in this cautionary statement.

SLIDE 5 – OUR RESPONSE TO EVENTS IN UKRAINE AND RUSSIA

Before I update you on the company's performance, I'd just like to take a moment to discuss our response to the events in Ukraine and in Russia. I think our main priority has been to support and look after our 200 people in Ukraine, in the face of this horrific attack on their country. From the outset, we have been working with the local leadership to provide financial and other forms of support, as well as job opportunities for our Ukrainian employees who are determined to work.

As Roberto said, we have all been inspired by the response by our people to this crisis. First and foremost, the incredible courage of our colleagues in Ukraine and also the generosity of our people in the wider region and around the world in helping them.

I was in Poland at the end of March, where I spent a lot of time talking to our people. A number of them were Ukrainians who having been forced to flee their homes in Ukraine, had found a very warm welcome from their colleagues in Warsaw.

I've been equally impressed by the spontaneous support from our people in other neighbouring countries, who drove to the border to pick up people, provide them with accommodation and essential goods and services, and really came together as one WPP family to look after their colleagues.

As a company, we have been partnering with the UNHCR, the United Nation's refugee agency, to run an emergency fundraising appeal. More than 4,000 of our 109,000 people around the world donated to that, raising over \$1.3 million, which included our match-funding, with the broader public appeal run by our agency Blue State, raising more than \$150 million, it's fantastic to be able to make some small contribution to what is going on in Ukraine.

On 4 March, we announced our decision to exit the Russian market and I'm pleased to say that we have now sold all of those businesses back to the management. Our 1,400 colleagues in Russia have been dedicated and valued members of WPP for many years and we regret the impact of our decision on them. We are pleased that we have been able to find a solution that provides continuity for them, albeit outside of WPP ownership.

Now I'll cover 2021 in little bit more detail.

SLIDE 6 – 2021 – AN OUTSTANDING YEAR FOR WPP

I think in summary, it's fair to say that 2021 was an outstanding year for WPP. We delivered very strong growth, driven by demand for digital services, ecommerce and technology. Our like-for-like revenue less pass-through costs which is our key metric, grew at 12.1%. That was more than double our initial expectations, and it was also ahead of pre-pandemic levels of 2019, by 2.9%.

I'm really pleased with the broad-based nature of our growth, with strong performances across all our business sectors, integrated agencies, PR and specialist communications, as well as across our major geographies.

We also performed very strongly in new business, winning more than \$8.7 billion of net new business in 2021, exceeding the \$4.4bn we achieved in the previous year.

The standout moments were our extensive new partnership with The Coca-Cola Company, the expansion of our work with Google, and the renewal of our longstanding relationship with Unilever. These examples demonstrate the value that three of the world's leading marketing companies have placed in WPP and the services which we offer. We

continued as well to receive very high scores from our clients for customer satisfaction.

We achieved strong recognition of our creativity and effectiveness, ranking as the most awarded Company at the Cannes Lions Festival and we ranked No. 1 across all three WARC rankings, creativity, media and effectiveness.

Meanwhile, we continue to enhance our capabilities through further strategic combinations and new acquisitions, to better serve our clients and simplify our offer. I will say a little bit more about those later.

And lastly, for our shareholders, we have returned over £1 billion in 2021, through buybacks and higher dividend payments.

Overall, we started 2022 well, and continue to see strong demand for our services from our clients. However, we remain very mindful of the current uncertainties in the broader macroeconomic environment. But, as we demonstrated through Covid, we are able to respond to changing market conditions and client needs in a very agile way.

SLIDE 7 – KEY ACQUISITIONS AND INVESTMENTS IN 2021

During 2021, we invested to continue the modernisation of our offer, spending around £400 million on acquisitions during the year.

We joint-funded the acquisition of Numerator, a tech-driven market intelligence company within Kantar, resulting in a 40% equity stake. We acquired DTI in Brazil, which has around 600 software engineers and technologists, focused on application development, a new area for WPP.

We bought Satalia, a leader in AI solutions and invested in Made Thought, a very strong UK-based design business. We also acquired Cloud Commerce, a platform to help us invest more behind our commerce-as-a-service space. We merged Finsbury Glover Hering and Sard Verbinnen, creating a leading global strategic communications firm, a real world leader and we built Choreograph, our global data products and technology company, which has been instrumental in many of our recent client wins, including Coca Cola.

SLIDE 8 - SIGNIFICANT PROGRESS ON OUR PURPOSE AGENDA

Turning now to our purpose, which as Roberto said, is very important to the Board, to the executive leadership of the company and particularly to our people. Our purpose is to use the power of creativity to build better futures for our people, planet, clients and communities. In each of these areas, we have made good progress during 2021.

For our people, we launched Career Explorer, a new platform that empowers our people to move seamlessly to available open roles, wherever they are within the Company. We nurtured diverse early-career talent through our NextGen Leaders learning series, attracting 1,400 participants from around the world and we continue to push for greater gender diversity. As Roberto touched on, we ranked 8th in the FTSE 100 for gender representation among senior leaders and at Board level in the FTSE Women Leaders Review, and we continued to narrow our UK gender pay gap.

At the beginning of 2022, WPP was named in the Bloomberg Gender Equality Index, for the fourth successive year. We were also acknowledged as one of the best places to work for LGBTQ+ equality, in the Corporate Equality Index.

Moving to the planet, in 2021, as Roberto mentioned, we made an industry leading commitment to reduce carbon emissions from our own operations to net zero by 2025 and across our broader supply chain or Scope 3, by 2030, which includes media buying and production. No one else in our sector has made such a wide-ranging, or impactful commitment.

Last year, WPP became one of a handful of companies globally to receive an A- rating on its environmental impact from the CDP.

For clients, we have helped them communicate their stories, delivered higher customer satisfaction scores, and supported them as they deliver their own purpose.

Finally, we have consistently been helping our communities. For example, in partnership with the World Health Organisation Foundation, we created and delivered the \$5 vaccine campaign, encouraging people across the globe to spend the price of a cup of coffee on a donation to fund Covid-19 vaccines for lower-income countries. We also donated

10,000 vaccines on behalf of our clients and matched every vaccine bought by our people.

We also made our first investments through our Racial Equity Programme, part of our wider anti-racism commitments that we announced in June 2020.

I think this is a good point to move from telling you about our Purpose, to showing you, so please sit back and enjoy this short film of our work.

[video played]

So you can see there, many examples of the work that we do that brings to life the benefit of WPP to our people, the planet, our clients and our communities and I think that type of work makes me proud to lead WPP and I think it makes our people proud to work for our company.

SLIDE 9 - INCREASED RETURNS TO SHAREHOLDERS

As a result of our good performance, we have been able to invest significantly in our business in 2021, particularly in our data and technology platforms, while also investing in our talent, our people, IT and our campuses.

At the same time, we've maintained a strong balance sheet and returned over £1 billion to shareholders in the form of dividends and share buybacks. This includes the proposed 18.7p final dividend, which together with the interim dividend paid in November 2021, gives a full-year dividend of 31.2 pence per share, representing 30% growth year-on-year.

SLIDE 11 – GROWTH, INVESTMENTS AND OUTLOOK

So, moving on to 2022, I think we have had a strong start to the year, continuing our momentum from last year, with 9.5% growth in the first quarter. We had good growth in all of our business lines, including our global integrated agencies, particularly GroupM, up 12.8% in a strong media market. Also, strong growth in our public relations activities and specialist agencies.

Against this background, we remain confident about investing more in our client offer to drive further growth and you can see here some of the actions that we are taking.

We simplified GroupM with the merger of MediaCom and Essence, delivering a more integrated and broader solution to our clients. We announced the launch of Everymile, our dedicated direct-to-consumer commerce business, and The Metaverse Foundry, which brings together 700 experts in this area, in Hogarth.

We created the GroupM Premium Marketplace to bring more transparency and control to premium digital media and we continue to invest in our growth platforms, Xaxis and Finecast, where we are investing in technology, innovation, and product development and bringing those businesses together, to provide scale where it's needed and to support our agency brands inside GroupM.

Finally, we made one acquisition in the quarter, the purchase of Village Marketing, a New York-based influencer marketing specialist, of around 150 people, which enhances our social media capabilities.

In summary, I would say a very good quarter, which despite the broader uncertainties in the world today which we are all aware, enables us to update our growth guidance for the year to 5.5-6.5%.

SLIDE 12 – 2021 SUMMARY AND PRIORITIES FOR 2022

So if I had to summarise where we are, I would say 2021 was a very strong year, and it went well beyond a cyclical recovery. I would say our strategy is delivering results for our people, our clients and our shareholders and we enter 2022 well positioned in high-growth sectors and markets.

Importantly, we now have the financial strength to invest in growth through talent and capabilities, both organically and through M&A, while also rewarding our shareholders today.

Our transformation programme gives us significant potential for further efficiency in reinvestment for growth and is critical to us and we will continue to make further progress on our purpose for agenda.

With that, I will now hand back to Roberto.

[END OF PRESENTATION]