

CHAIRMAN'S LETTER



REMEMBERING GORDON STEVENS

Gordon Stevens, Chairman of WPP 1992-96, died on 10 September 2019, aged 93.

Mr Stevens, as a young director of a Unilever subsidiary, commissioned, in 1955, the first-ever television commercial aired in the UK. Many years later, having been Director of Marketing for the Unilever Group, he was Chairman of Unilever United States in which role he gave his crucial support to WPP's acquisition of J. Walter Thompson.

After retiring from Unilever, Mr Stevens was offered the chairmanship of WPP when it was facing a major restructuring after a significant fall in its share price. Mr Stevens accepted the challenge, against the recommendation of many of his friends and former colleagues, and helped to persuade the institutional shareholders to back the Company. By the time of his retirement, aged 70, WPP's share price had increased over five-fold.

He was a man of exceptional experience: deceptively shrewd and boundlessly good-natured. We remember Mr Stevens with respect, gratitude, and much affection.

The terrible human cost and economic impact of the coronavirus pandemic means we are looking at everything through a new lens.

As our Chief Executive's opening statement in this report makes clear, our people have responded magnificently to the crisis, displaying great resilience, dedication and concern for their colleagues. On behalf of the Board, I would like to thank them all.

WPP and its agencies have done what they can to help fight the spread of the disease and support national and international institutions, including working on a pro bono basis with the World Health Organization to deliver campaigns around the world.

We have also taken a number of steps to secure the position of the Company, and minimise the financial effects of the pandemic on our people, including suspending the share buyback programme and final dividend, reducing costs and introducing a voluntary salary sacrifice scheme for the Board, Executive Committee and other senior leaders.

The Board and executive team is working hard to serve the interests of all our stakeholders, and constantly reviewing the actions necessary to ensure the continued strength of the Company.

This 2019 Annual Report by definition deals primarily with events that took place before the coronavirus outbreak.

As we look back at 2019, the consistent theme was the Company's delivery against its stated goals and the progress of the three-year transformation plan.

In the first year of the new strategy, WPP met the financial guidance it set at the Investor Day in December 2018, achieved its restructuring targets and – with a more streamlined portfolio and refreshed offer to clients – made sure it was in the right shape for the future.

The Company's renewed focus on creativity, technology and talent was rewarded with a steady stream of new business wins, followed by Intel at the start of this year, as clients responded positively to WPP's new offer and approach.

Notable events included the successful completion of the Kantar transaction – ahead of schedule – which reduced WPP's leverage to the lower end of the target range. Net debt at the year-end was £1.540 billion, down £2.313 billion from the beginning of the year in constant currency as a result of disposals and strong cash generation.

In these uncertain times, we find considerable reassurance in the strength of our balance sheet following the Kantar sale, and the underlying strength of our business following the restructuring of the last 18 months or so.

Since my appointment as Chairman, we have proactively reviewed the Board's non-executive membership to ensure that it has the expertise, diversity and experience required to support the transformation and success of WPP.

In the last year we have made several new appointments and at our 2020 Annual General Meeting we will say farewell to a number of long-serving directors.

Sol Trujillo has served on the Board for nine years and will not be standing for re-election. His international experience gained over three decades as chief executive of global companies has been of great value to WPP, as have his contributions as a member of the Audit Committee.

Sir John Hood has brought his knowledge and experience of international business and higher education to the Board since 2014. As Chair of the Compensation Committee Sir John has overseen a comprehensive re-evaluation of the Directors' Compensation Policy alongside extensive consultation with shareholders. He will also stand down at the AGM.

Since Daniela Riccardi, CEO of international luxury goods company Baccarat, joined the Board in 2013, WPP has benefited from her wealth of expertise in global FMCG, retail and fashion businesses. She has been a valued member of the Nomination and Governance Committee and one of our Non-Executive Directors responsible for engagement with our people. She, too, will not stand for re-election.

We thank Sol, Sir John and Daniela for their service and contribution to WPP.

We also say goodbye to two other longstanding colleagues.

Paul Richardson's retirement from WPP was announced towards the end of 2018. He kindly agreed to stay on until the publication of this Annual Report, and to facilitate the handover to his successor as Chief Financial Officer, John Rogers.

Paul has made a very significant contribution to WPP's success over nearly three decades with the Company, and he leaves with our best wishes and thanks.

Our Company Secretary, Marie Capes, who has been with WPP since its earliest days, decided in 2019 that she would step down from her current roles in 2020. The hallmark of her 34 years with WPP has been her complete dedication to the Company, and both the Board and the executive team would like to express their gratitude for everything she has done.

Marie hands over to new Company Secretary Balbir Kelly-Bisla, who joined us in April from William Hill plc where she held the same role.

We welcomed John Rogers to the Board in February. He was previously Chief Executive Officer of Sainsbury's Argos, where he led the digital transformation of one of the UK's leading technology-driven businesses. Before that he was Chief Financial Officer

of J Sainsbury plc from 2010 to 2016, responsible for business strategy, new business development, Sainsbury's Online, operational efficiency and Sainsbury's Bank, in addition to core finance functions.

Our new Non-Executive Directors bring valuable new skills to the Board, in addition to those we need to replace as other directors conclude their terms.

The most recent appointee, Sandrine Dufour, provides important sectoral insight and expertise from her background in telecommunications, entertainment and media. Sandrine, who joined the Board in February 2020, will become Executive Vice President and Chief Financial Officer of UCB, the global biopharmaceutical company, on 1 July 2020. Until then she is Chief Financial Officer of Proximus, the Belgian telecommunications company. Prior to that she held various senior roles at Vivendi. Sandrine has joined our Audit Committee.

During 2019, we were joined by Cindy Rose OBE, CEO of Microsoft UK where she has responsibility for all of the company's product, service and support offerings. Cindy is one of the technology industry's leading figures, with extensive experience of consumer businesses and technology-driven transformation. Cindy has held leadership roles at Vodafone, Virgin Media and The Walt Disney Company. She is also a member of our Audit Committee.

Jasmine Whitbread began her career in international marketing in the technology sector before taking leadership roles at Oxfam and Save the Children, where she revitalised one of the UK's most established charities before taking on the role of International CEO. She is currently Chief Executive of London First and a Non-Executive Director of Standard Chartered plc. Jasmine joined our Compensation and Sustainability Committees.

Keith Weed, one of the world's most influential and respected marketers, brings deep understanding of our business and how it is being changed by technology. His most recent executive role was Chief Marketing and Communications Officer of Unilever, which included leading the company's ground-breaking sustainability programme.

Keith is co-Chair of our new Sustainability Committee with Sally Susman.

The establishment of our first committee dedicated to sustainability at Board level underlines the fact that it has never been more important to our business – or to our clients, shareholders and stakeholders as a whole.

The new committee will consider the impact of WPP's own operations and our agencies' work for clients, and assess the Company's progress against the new targets set out in the 2019 Sustainability Report. WPP starts from a strong foundation, as a recognised leader in its sector. Our CEO outlines our performance over the last year in the introduction to this Annual Report.

WPP's new leadership team has placed a strong emphasis on the importance of purpose and a positive and values-led culture. Part of that is a commitment to ensure inclusive and diverse teams throughout the business, and the Board needs to set the standard in that regard.

I am pleased to report that the proportion of female directors has risen from 33% at the time of my last letter to 40% as I write this. Our ambition is that the figure will reach parity in the short term.

This is an important sign of our priorities as a company and our direction of travel, even as there remains work to do to create a more equal organisation at every level.

Any business that wants to be an employer of choice for outstanding people needs to display leadership and progress in these areas, and outstanding people are the reason clients continue to seek out and value our services.

As ever, the Board is very grateful for their commitment and their talent. What they do will be in high demand as societies and economies recover from the present crisis.



Roberto Quarta
Chairman
29 April 2020