



WPP

Q3 TRADING UPDATE

23 October 2024



2024

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains statements that are, or may be deemed to be, "forward-looking statements". Forward-looking statements give the Company's current expectations or forecasts of future events.

These forward-looking statements may include, among other things, plans, objectives, beliefs, intentions, strategies, projections and anticipated future economic performance based on assumptions and the like that are subject to risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'guidance', 'intend', 'may', 'will', 'should', 'potential', 'possible', 'predict', 'project', 'plan', 'target', and other words and similar references to future periods but are not the exclusive means of identifying such statements. As such, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Company. Actual results or outcomes may differ materially from those discussed or implied in the forward-looking statements. Therefore, you should not rely on such forward-looking statements, which speak only as of the date they are made, as a prediction of actual results or otherwise. Important factors which may cause actual results to differ include but are not limited to: the impact of epidemics or pandemics including restrictions on businesses, social activities and travel; the unanticipated loss of a material client or key personnel; delays or reductions in client advertising budgets;

shifts in industry rates of compensation; regulatory compliance costs or litigation; changes in competitive factors in the industries in which we operate and demand for our products and services; changes in client advertising, marketing and corporate communications requirements; our inability to realise the future anticipated benefits of acquisitions; failure to realise our assumptions regarding goodwill and indefinite lived intangible assets; natural disasters or acts of terrorism; the Company's ability to attract new clients; the economic and geopolitical impact of the conflicts in Ukraine and Gaza; the risk of global economic downturn; slower growth, increasing interest rates and high and sustained inflation; supply chain issues affecting the distribution of our clients' products; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; effectively managing the risks, challenges and efficiencies presented by using Artificial Intelligence (AI) and Generative AI technologies and partnerships in our business; risks related to our environmental, social and governance goals and initiatives, including impacts from regulators and other stakeholders, and the impact of factors outside of our control on such goals and initiatives; the Company's exposure to changes in the values of other major currencies (because a substantial portion of its revenues are derived and costs incurred outside of the UK); and the overall level of economic activity in the Company's major markets (which varies depending on, among other things, regional, national and international political and economic

conditions and government regulations in the world's advertising markets). They use words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'guidance', 'intend', 'may', 'will', 'should', 'potential', 'possible', 'predict', 'project', 'plan', 'target', and other words and similar references to future periods but are not the exclusive means of identifying such statements. Neither the Company, nor any of its directors, officers or employees, provides any representation, assurance or guarantee that the occurrence of any events anticipated, expressed or implied in any forward-looking statements will actually occur. Accordingly, no assurance can be given that any particular expectation will be met and investors are cautioned not to place undue reliance on the forward-looking statements.

Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation, the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this document.

- Q3 highlights
- Financial performance
- Strategic progress
- Q&A

Q3 HIGHLIGHTS

- **Growth** in Q3 '24 +0.5% LFL¹ (Q3 '23 -0.6%):
 - **Growth in N. America, Western Continental Europe and India. Ongoing pressure in China**
 - **GroupM improved sequentially +4.8%** (H1 +1.9%)
 - **Technology sector client spending stabilising +1.3%** (H1 -5.1%)
- **Strategic progress:**
 - **WPP Open** increasingly deployed across the business, usage +107%²
 - **Structural actions** at Burson, GroupM and VML on track
- **Top ten clients grew strongly +7.0%** (H1 +2.5%)
- **New client assignments** from **Amazon, Henkel, Honor, Starbucks and Unilever**
- **2024 guidance reiterated:** LFL revenue less pass-through costs growth -1% to 0%; headline operating profit margin improvement c.20-40bps on a constant currency basis

¹ Like-for-like revenue less pass-through costs growth
² Increase in monthly active users from January to September 2024

FINANCIAL PERFORMANCE

REVENUE LESS PASS-THROUGH COSTS

Q3 2024

-2.6%

Reported growth
(-5.0% in Q3 '23)

-2.9%

FX contribution to
reported growth

-0.2%

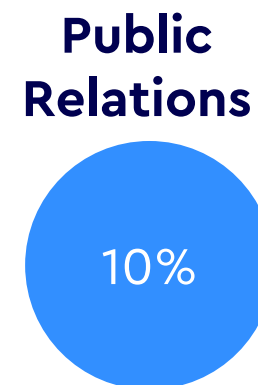
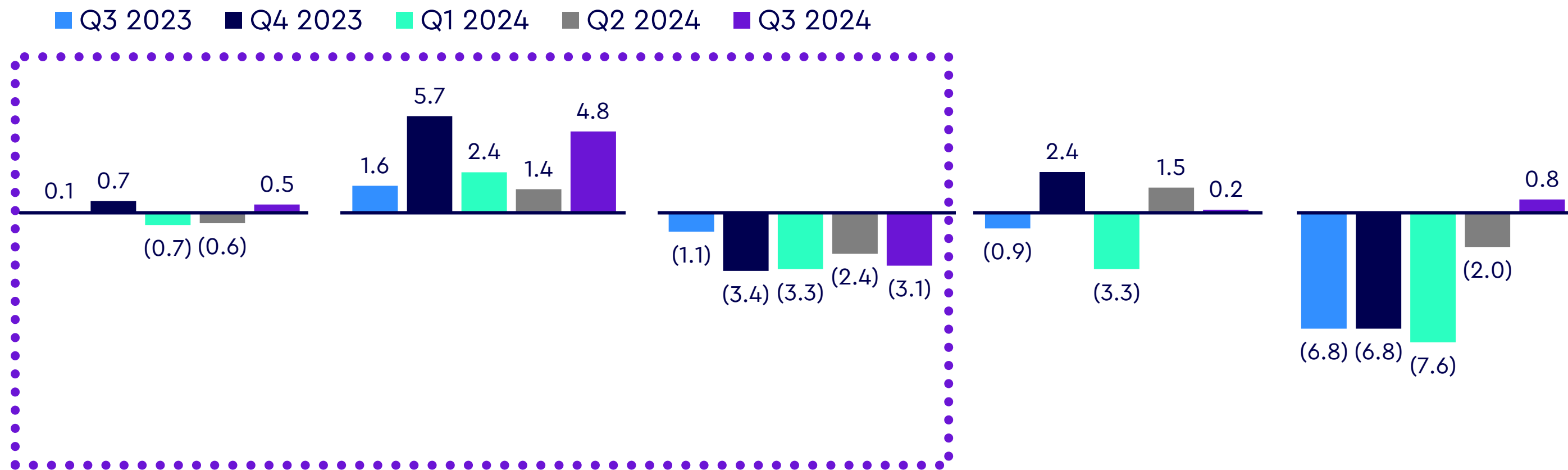
M&A contribution to
reported growth

+0.5%

Like-for-like growth
(-0.6% in Q3 '23)

PERFORMANCE BY BUSINESS

LFL REVENUE LESS PASS-THROUGH COSTS GROWTH (%)¹



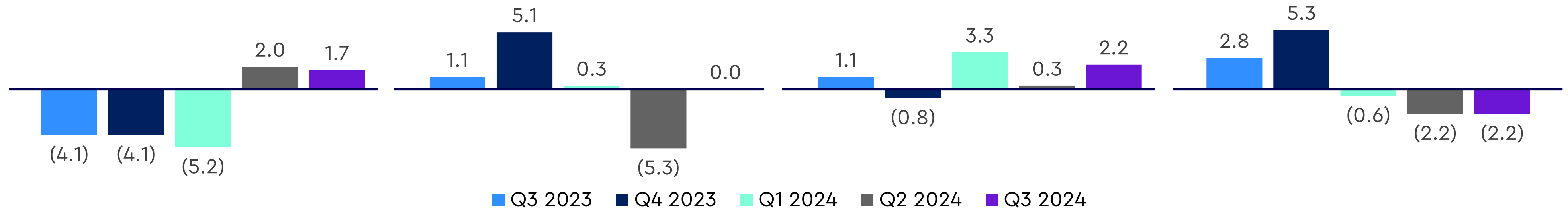
% of WPP Q3 YTD 2024

- **GLOBAL INTEGRATED AGENCIES**
 - **GroupM:** significant QoQ improvement reflects an easier comp with good YoY growth from existing and new clients and China weakness
 - **Integrated Creative Agencies:** Hogarth grew due to client assignment wins, Ogilvy was broadly level with weakness in China offsetting growth in the US, VML declined impacted by the Pfizer loss and AKQA declined due to macro pressure on project-based work
- **PUBLIC RELATIONS:** FGS Global delivered strong growth. Burson affected by Pfizer loss and impact of macroeconomic uncertainty on client spending
- **SPECIALIST AGENCIES:** CMI grew double-digits. Landor and Design Bridge and Partners, continued to be impacted by pressure on project-based spending. Stabilisation in some smaller specialist agencies against easier comps

¹ 2023 prior period growth (%) has not been re-presented to reflect the reallocation in 2024 of a number of businesses between Global Integrated Agencies and Specialist Agencies

PERFORMANCE BY REGION

LFL REVENUE LESS PASS-THROUGH COSTS GROWTH (%)



N. America

39% OF WPP¹

- **N. America:** growth led by continued recovery in media
- **US:** continued growth +1.9% in Q3 (Q2 +2.6%, Q1 -5.4%); good growth in automotive and financial services. Tech client spend stabilised against easier comps

UK

14% OF WPP¹

- Strong year-on-year growth at GroupM, helped by an easier comparison, offset by weakness in client spending on project-based work at smaller agencies
- CPG delivered good growth offset by weaker spending from healthcare, retail and automotive clients

W. Continental Europe

21% OF WPP¹

- **Germany +1.4% in Q3** (Q2 -7.4%) growth in media helped by phasing, partially offset by macro pressures
- **Spain +8.6%** driven by CPG and creative
- **France +2.0%** continued growth, on an easier comparison

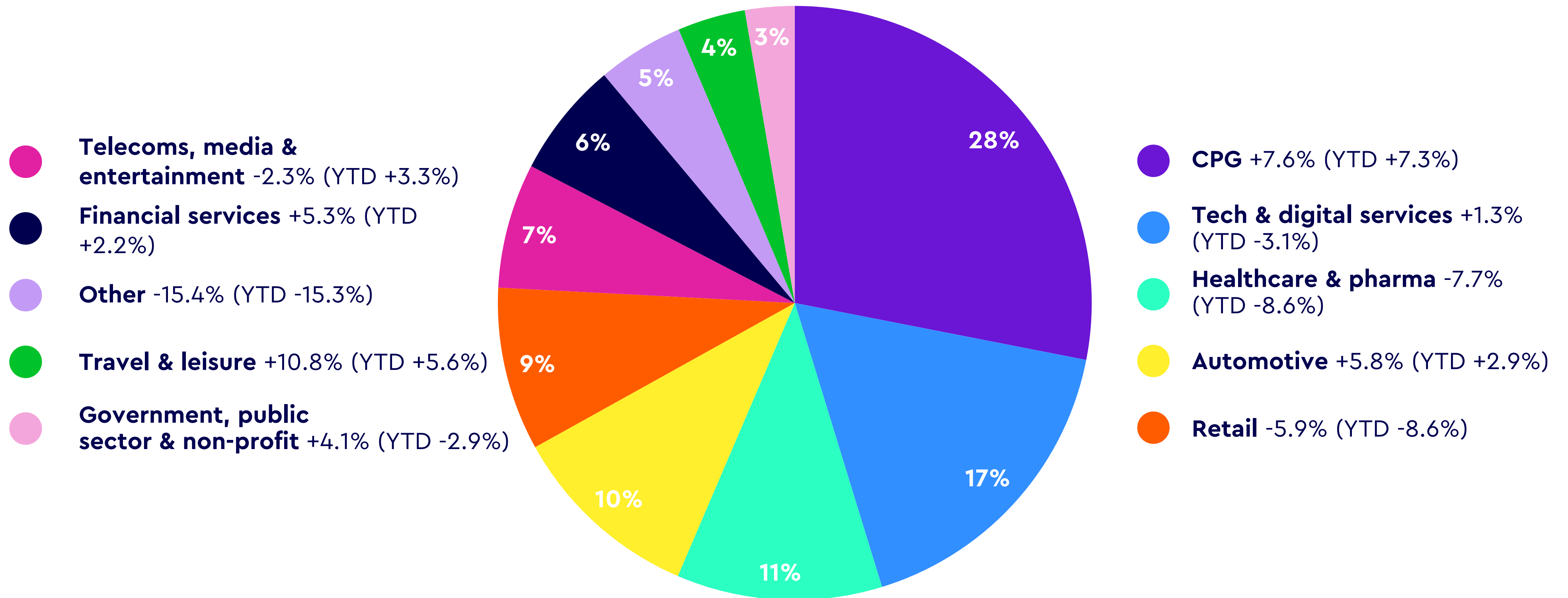
RoW

26% OF WPP¹

- **Asia Pacific -5.7% in Q3:**
 - **China -21.3%** due to client assignment losses and ongoing macroeconomic weakness
 - **India: +2.3%** tougher comp, continued momentum in new business, media and CPG
- Continued growth in **Middle East & Africa (+5.8%), Central & Eastern Europe (+4.4%)** and **Latin America (+1.5%)**

¹ Proportion of revenue less pass-through costs in Q3 YTD 2024

LFL REVENUE LESS PASS-THROUGH COSTS Q3 '24 (YTD)¹



¹ Chart shows the proportion of WPP revenue less pass-through costs in YTD '24; chart consists of clients representing 79% of WPP total revenue less pass-through costs

MOVEMENT IN NET DEBT

£BN	SEP '23	DEC '23	SEP '24
Adjusted net debt ^{1,2}	(3.9)	(2.5)	(3.6)
Average adjusted net debt ^{1,3}	(3.5)	(3.6)	(3.6)
Average adjusted net debt/headline EBITDA (inc' depreciation of right-of-use assets) ^{1,3}	N/A	1.83x	N/A

- At Q3 net debt was £0.3bn lower year-on-year, driven by lower M&A spend
- 2024 **working capital** guidance unchanged: expected to be broadly flat year-on-year
- Continue to expect **adjusted net debt** at the end of 2024 to be broadly flat year-on-year, excluding planned sale of FGS Global
- **FGS Global sale**: on track to close in Q4 2024, with net cash proceeds of c.£604m after tax, used to reduce leverage

1 Net debt and headline EBITDA exclude impact of IFRS 16

2 Adjusted net debt at period end, excludes lease liabilities

3 Average adjusted net debt excludes lease liabilities and is the average of net debt for each of the last 12-month period ends

LFL revenue less pass-through costs growth of -1% to 0% Headline operating margin improvement of 20-40bps at constant currency

OTHER FY 2024 FINANCIAL INDICATIONS:

- Mergers and acquisitions will have a slightly negative impact to revenue less pass-through costs growth, primarily due to the expected disposal of FGS Global and limited M&A activity in FY 2024 (previously <0.5%)
- FX impact: current rates (at 16 October 2024) imply a c.3.2% drag on FY 2024 revenues less pass-through costs, with a 0.2pt drag expected on FY 2024 headline operating margin
- Headline income from associates and non-controlling interests at similar levels to FY 2023¹
- Headline net finance cost of around £295m
- Headline effective tax rate of around 28%²
- Capex of around £260m
- Cash restructuring costs of around £285m
- Working capital expected to be broadly flat year-on-year

¹ In accordance with IAS 28: Investments in Associates and Joint Ventures once an investment in an associate reaches zero carrying value, the Group does not recognise any further losses, nor income, until the cumulative share of income returns the carrying value to above zero

² Measured as headline tax as a % of headline profit before tax

STRATEGIC PROGRESS

STRATEGIC PROGRESS SINCE JANUARY

Restructuring towards a much simpler company

group*m*

Simpler operating model, Media Studio, new leadership

VML

Strong execution and cost savings

Burson

Stronger global proposition, savings on track

Scaling adoption of WPP Open

WPP Open

Driving new client assignments

COLGATE-PALMOLIVE

amazon

Henkel

Unilever

Nestlé

FGS Global sale to strengthen balance sheet and provide flexibility¹

fgs global

\$1.7 billion valuation

c.£604m

net cash proceeds

Reduces leverage

to the mid-point of target range (1.5x-1.75x) pro-forma²

1. Expected to complete in Q4 2024

2. Pro-forma average adjusted net debt to headline EBITDA (last 12 months) (including depreciation of right-of-use assets) of c.1.60x, versus WPP's average adjusted net debt to headline EBITDA (last 12 months) (including depreciation of right-of-use assets) of c.1.84x at 30 June 2024. Calculated by reducing WPP's average adjusted net debt over the last twelve months by the expected cash proceeds after tax of c.£604m and reducing headline EBITDA by FGS's headline EBITDA contribution

SUMMARY

Good progress
on strategy
outlined at the
CMD in January

Q3 performance
as expected

Significant **client
assignment
wins**

**Reiterating 2024
guidance**

**Confident the actions we are taking will accelerate WPP's growth
and deliver our medium-term financial targets**

Q&A

CONTACTS AND FURTHER RESOURCES

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CAPITAL MARKETS DAY 2024

[Materials linked here](#)

INVESTOR WEBINARS

A series of webinars designed to give investors and analysts deeper insight into individual agencies, products and services within WPP

[WPP webinars](#)

ANNUAL REPORT AND ACCOUNTS 2023

[Annual Report 2023](#)

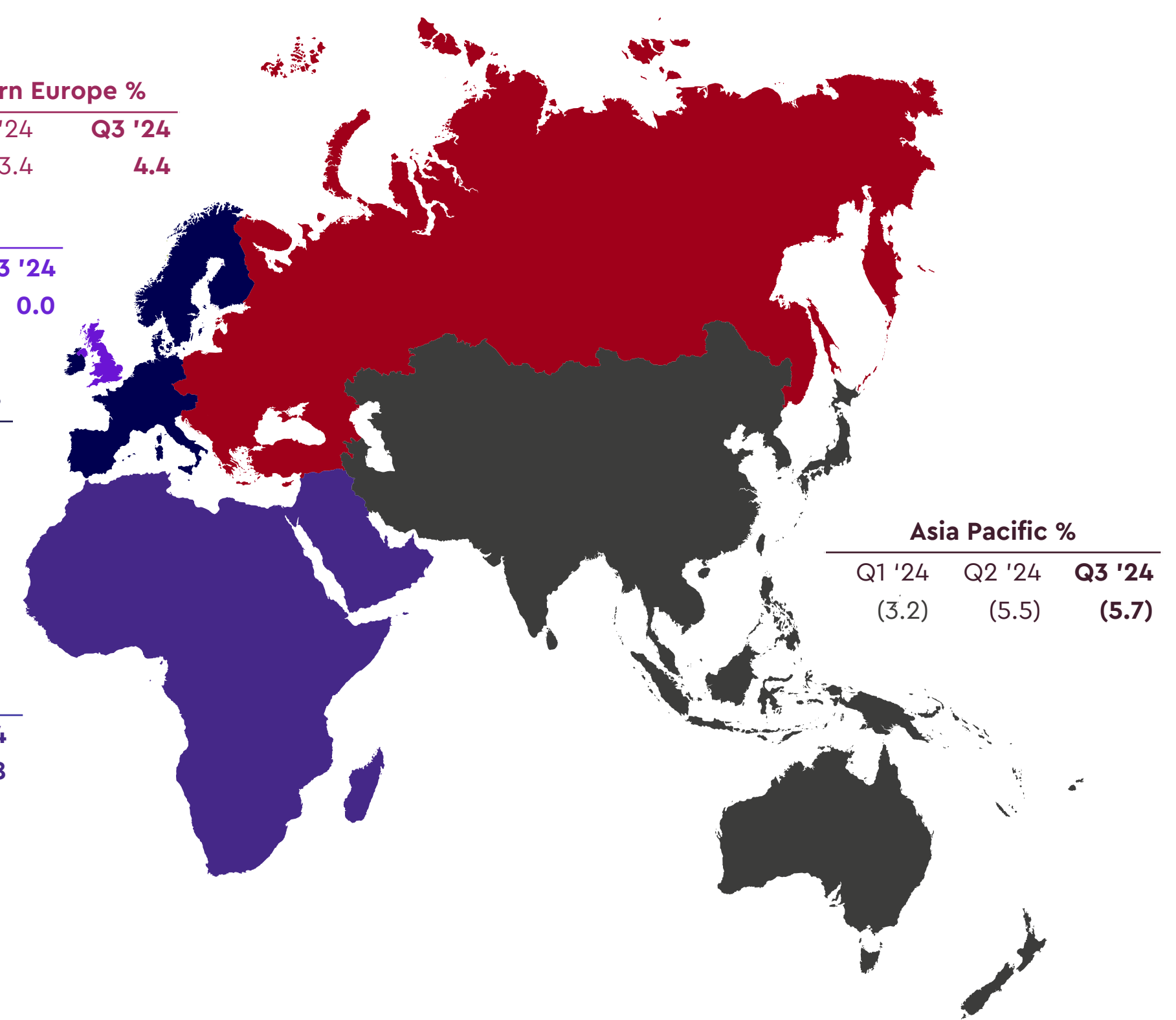
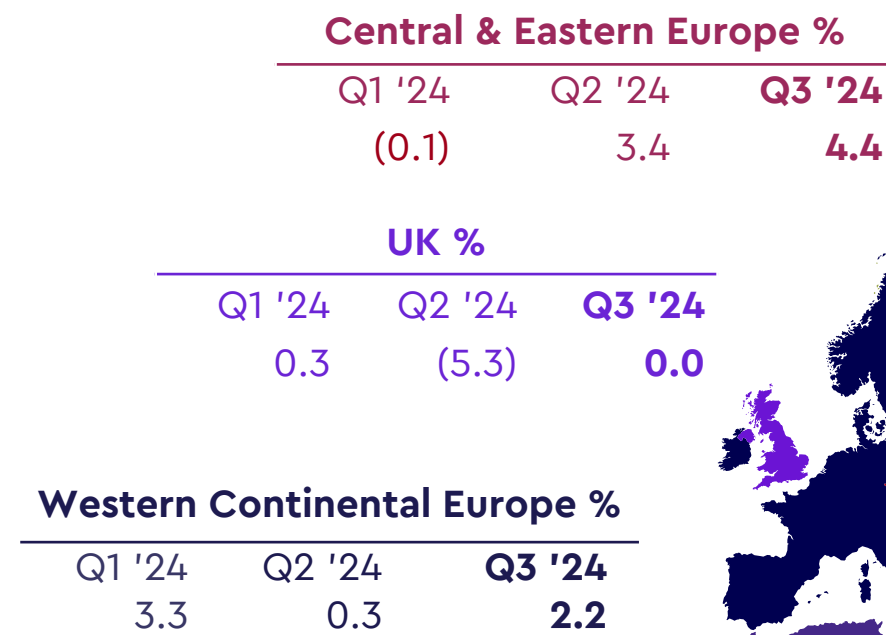
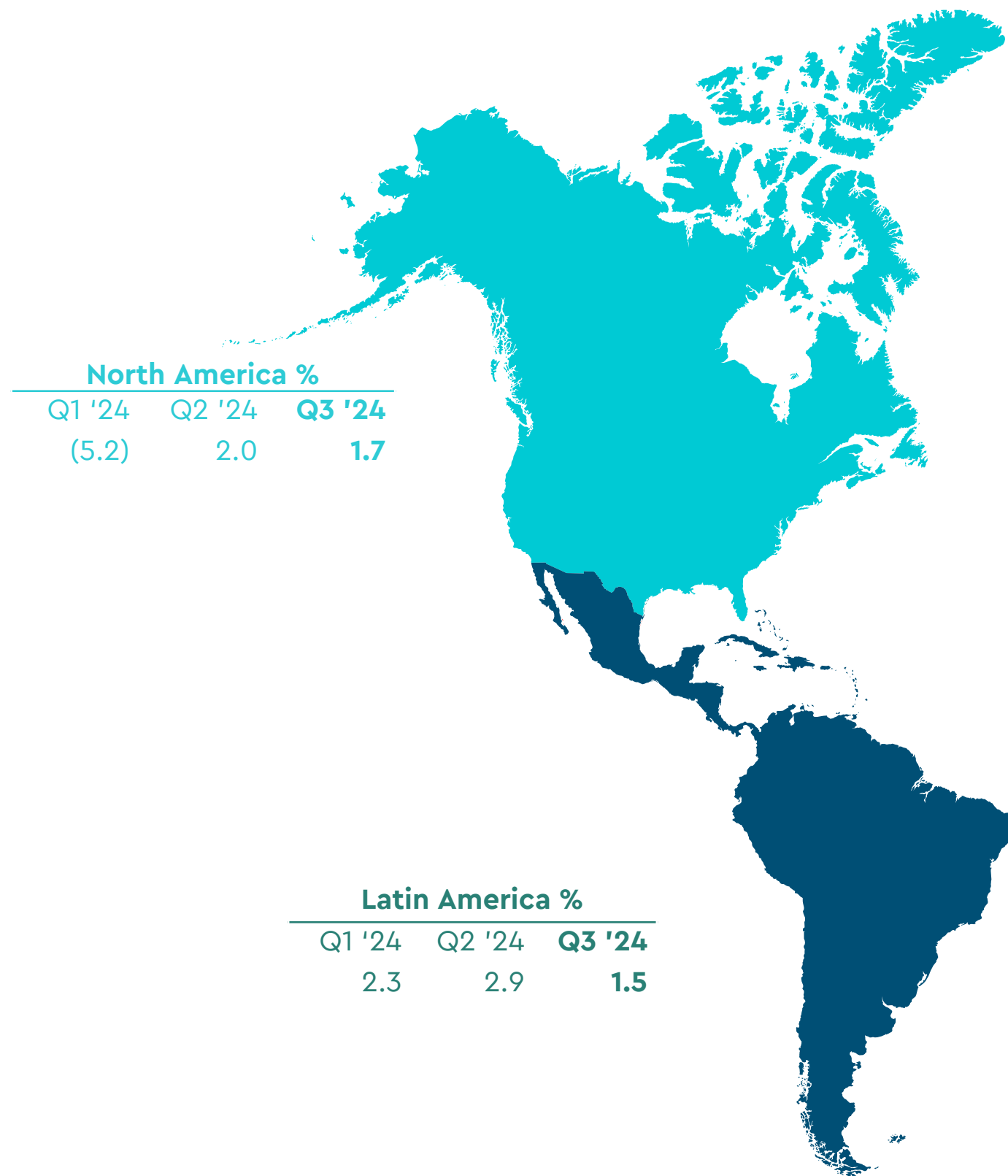
SOCIAL CHANNELS



APPENDIX

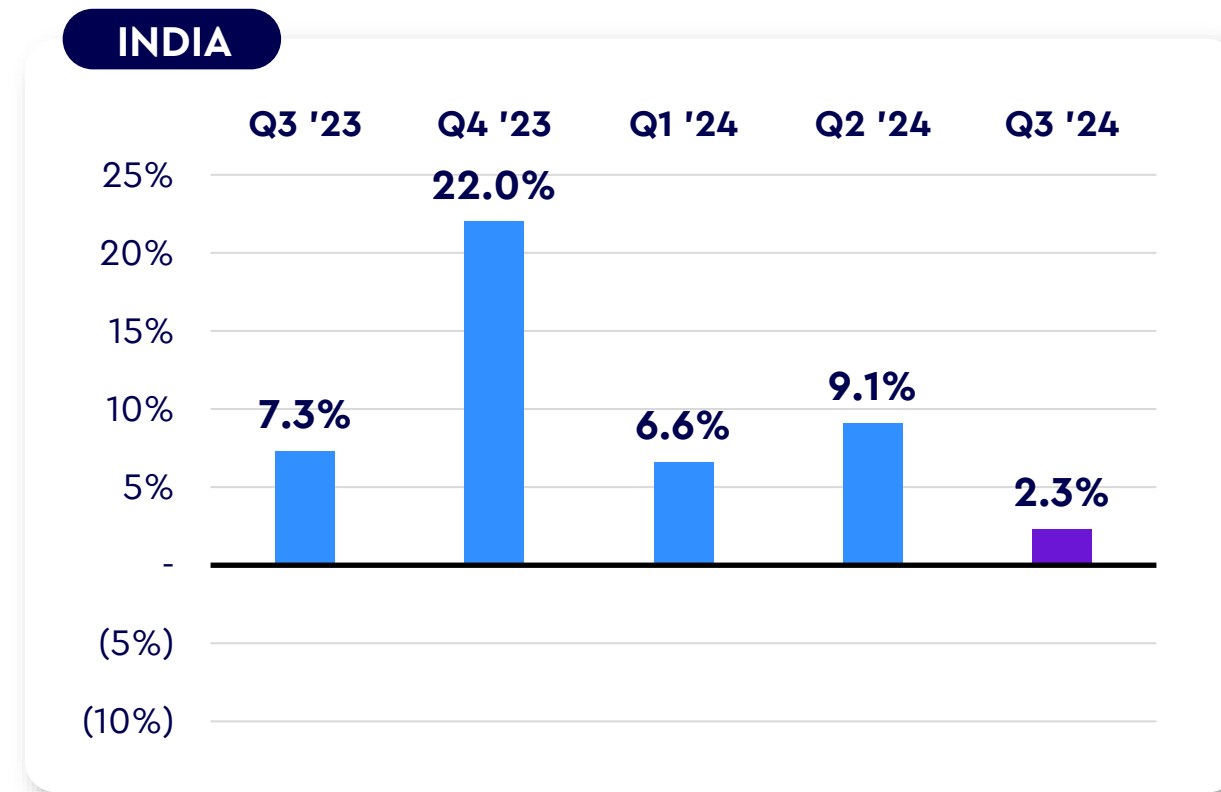
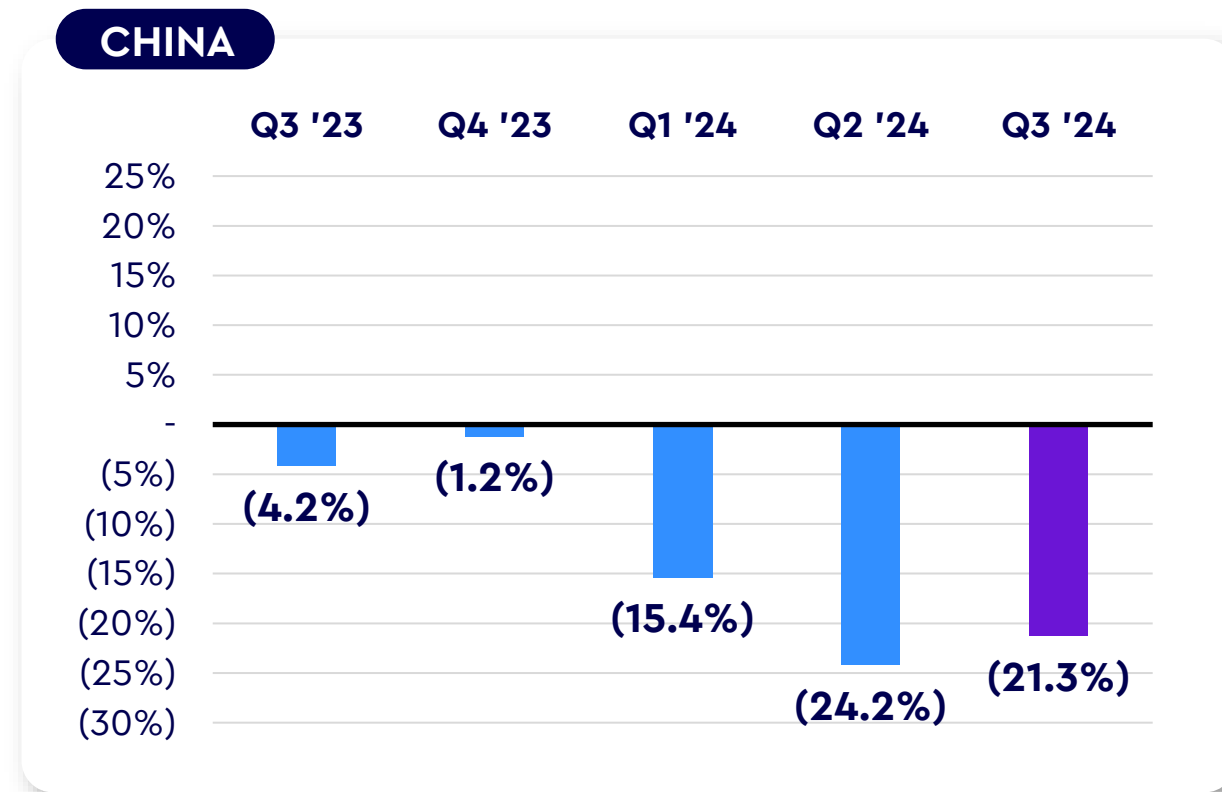
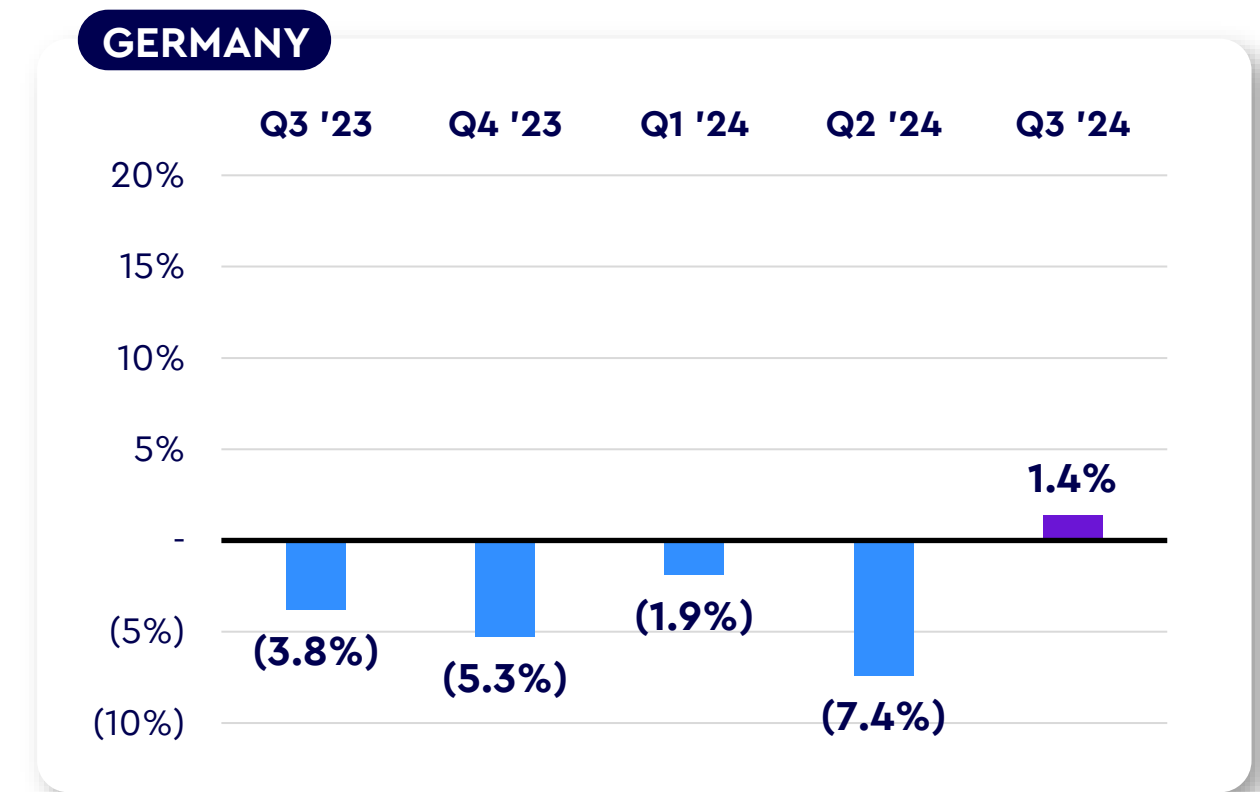
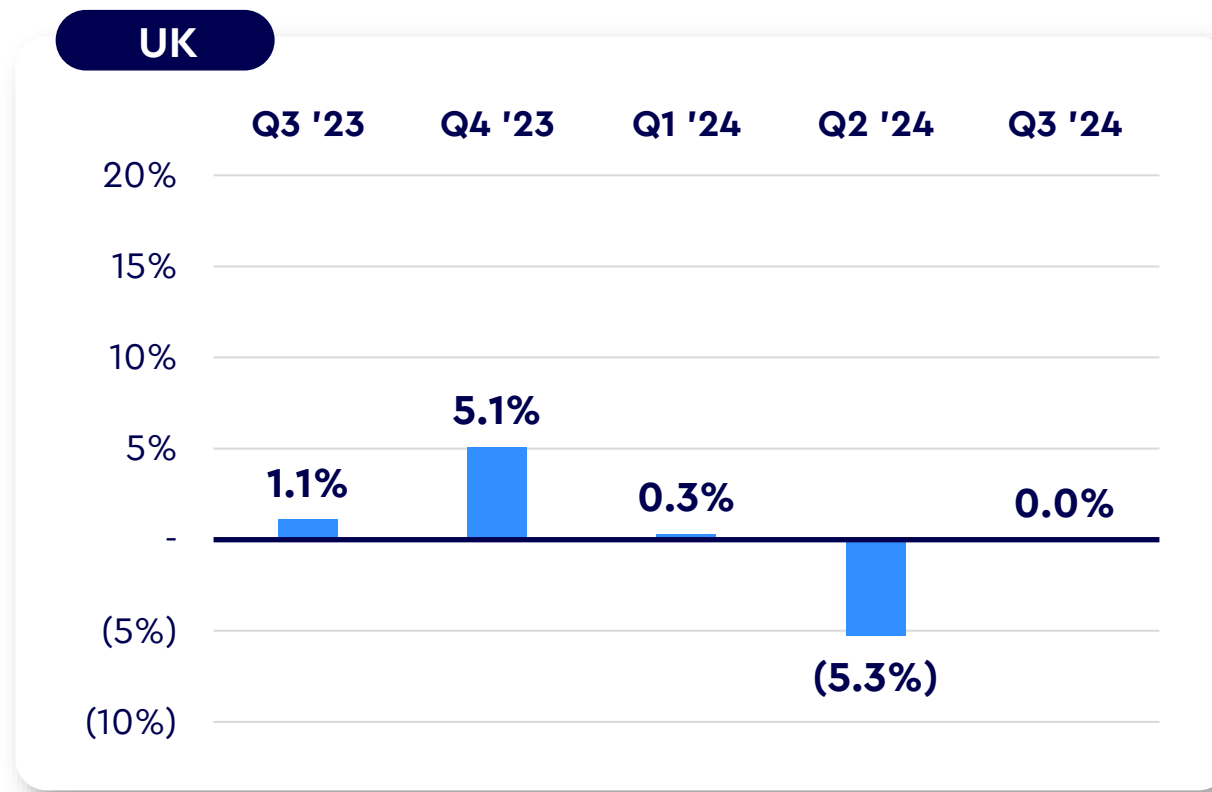
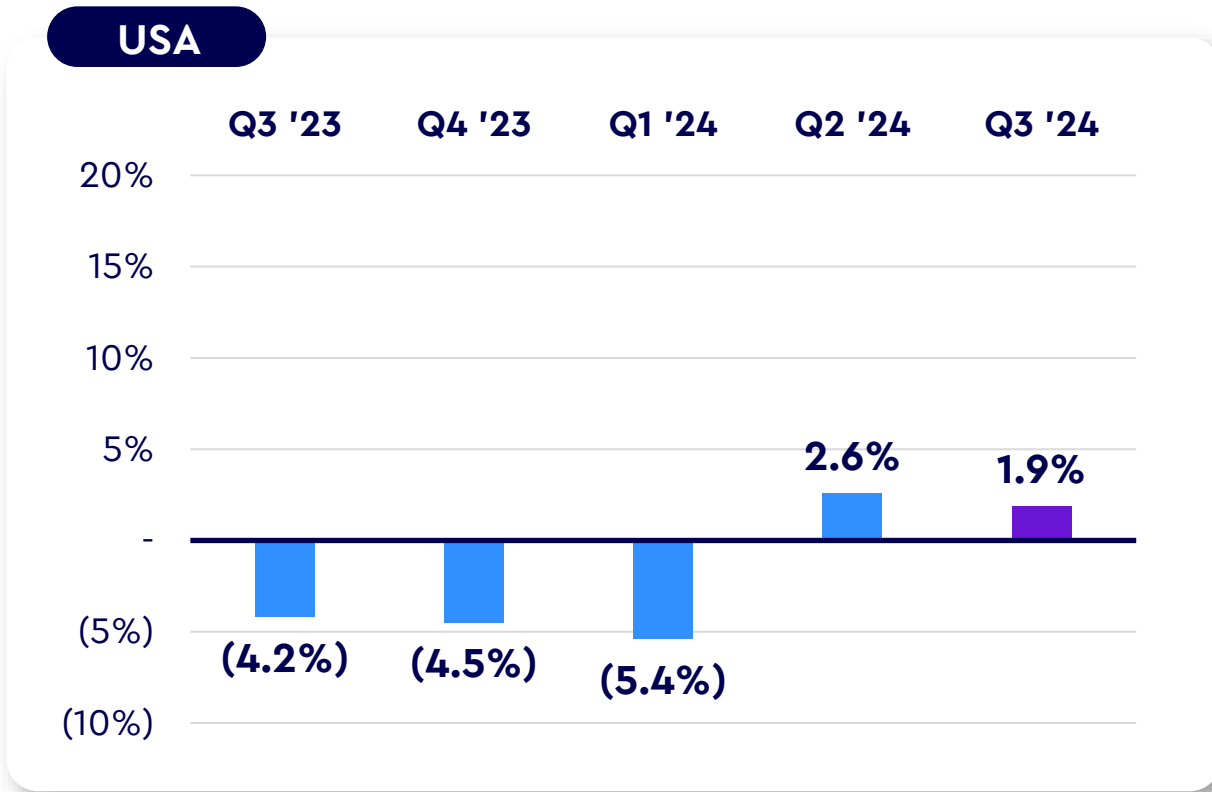
REVENUE LESS PASS-THROUGH COSTS GROWTH

BY REGION LIKE-FOR-LIKE %



LIKE-FOR-LIKE REVENUE LESS PASS-THROUGH COSTS GROWTH

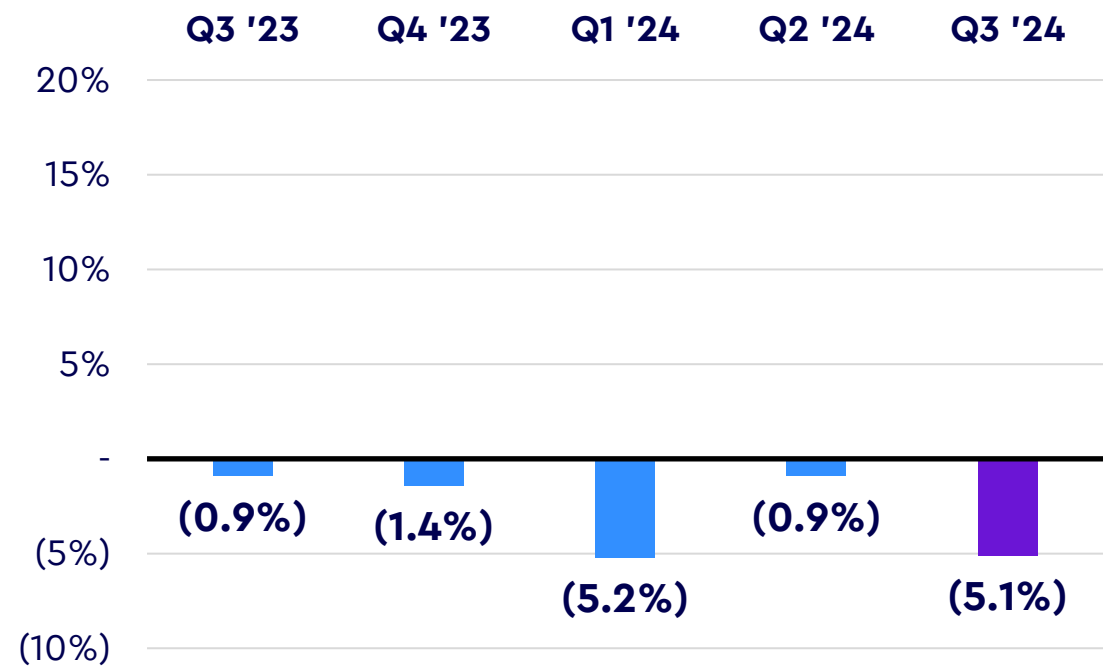
TOP MARKETS



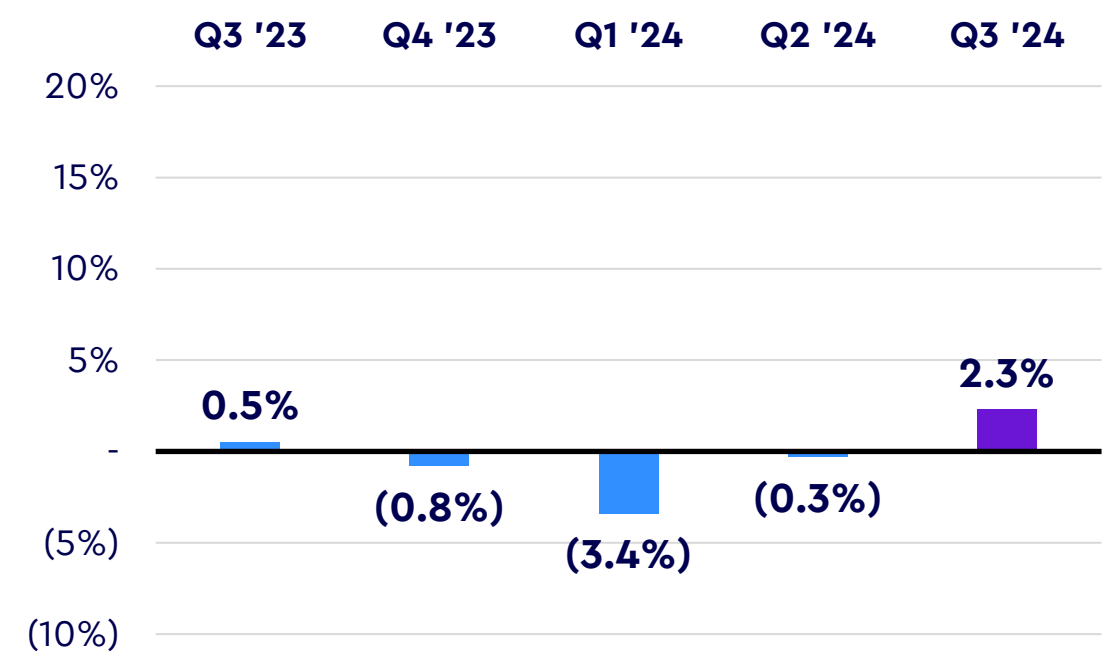
LIKE-FOR-LIKE REVENUE LESS PASS-THROUGH COSTS GROWTH

TOP MARKETS

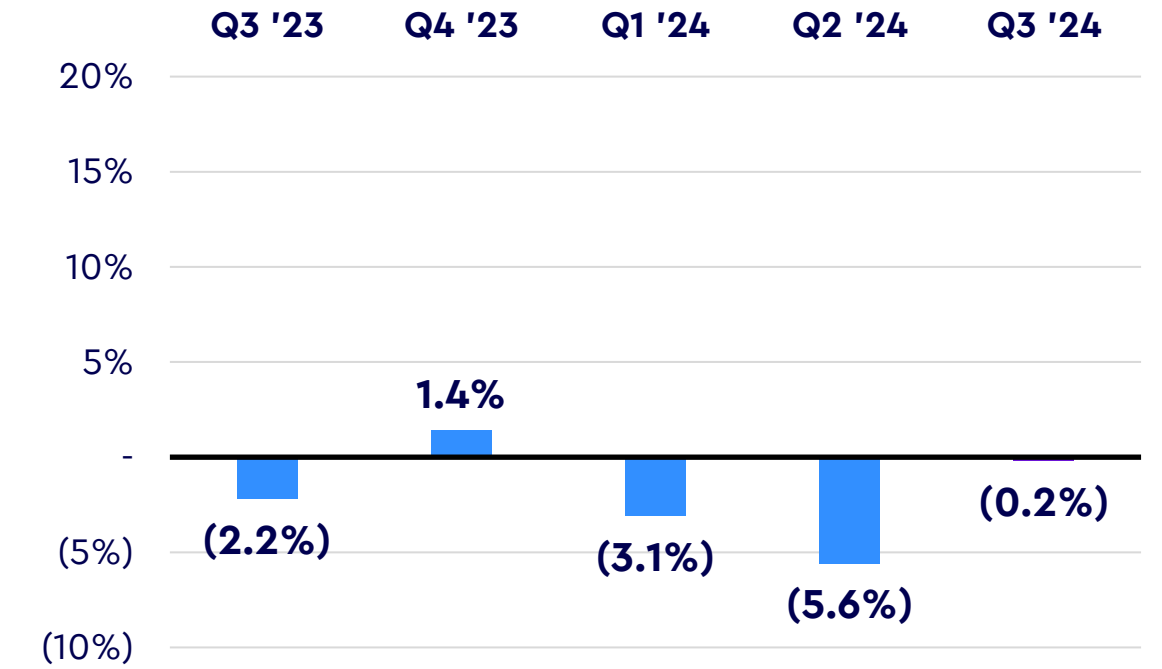
BRAZIL



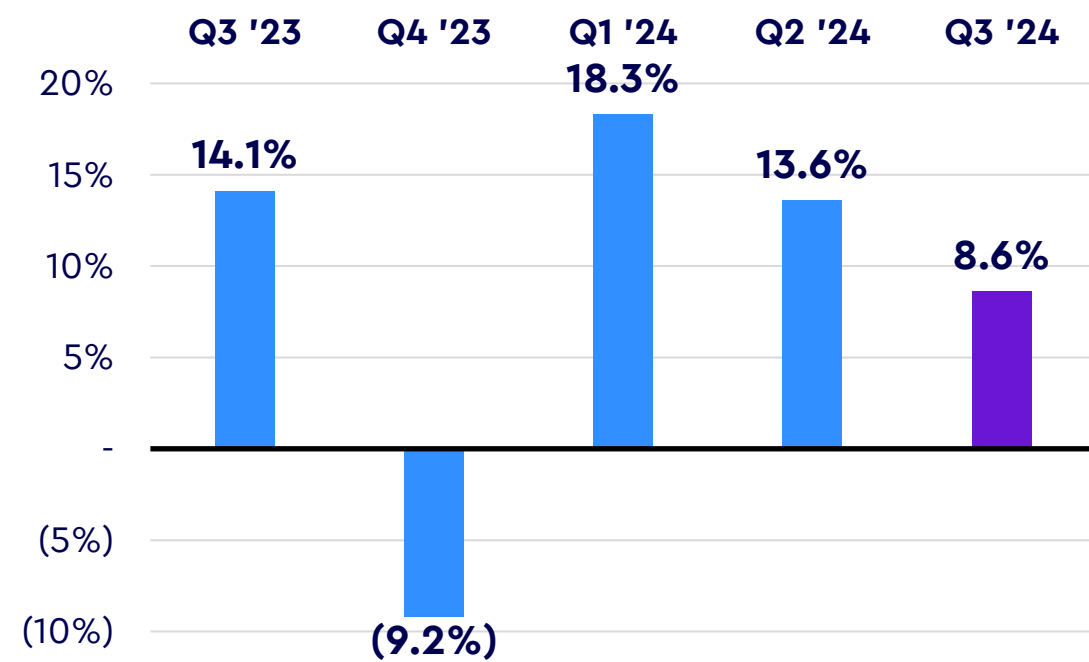
AUSTRALIA



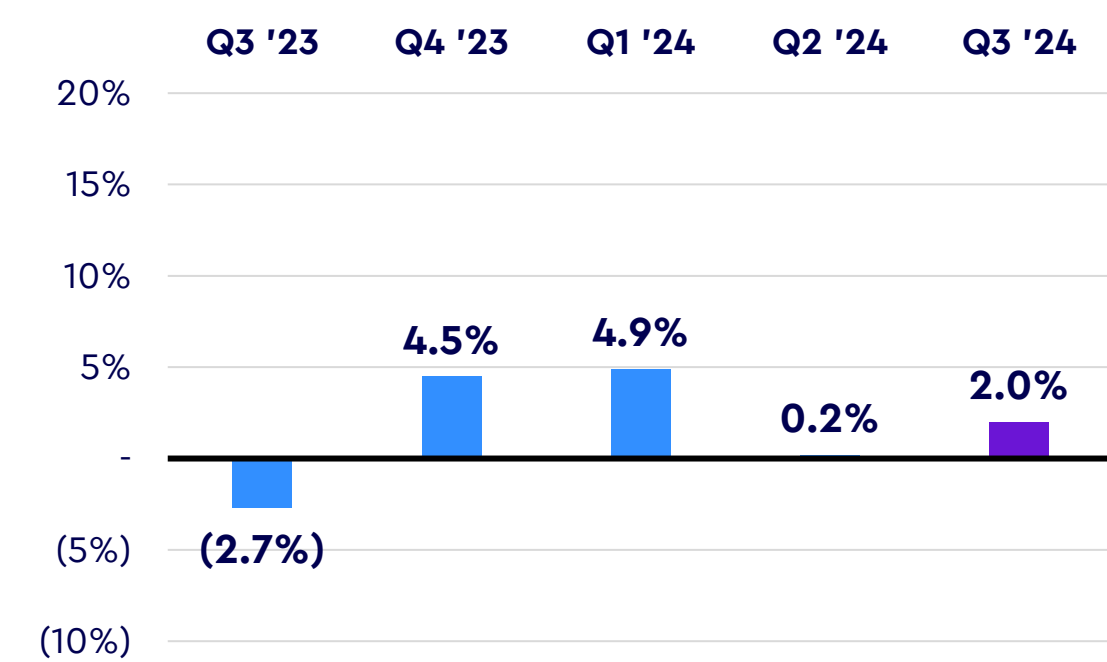
CANADA



SPAIN



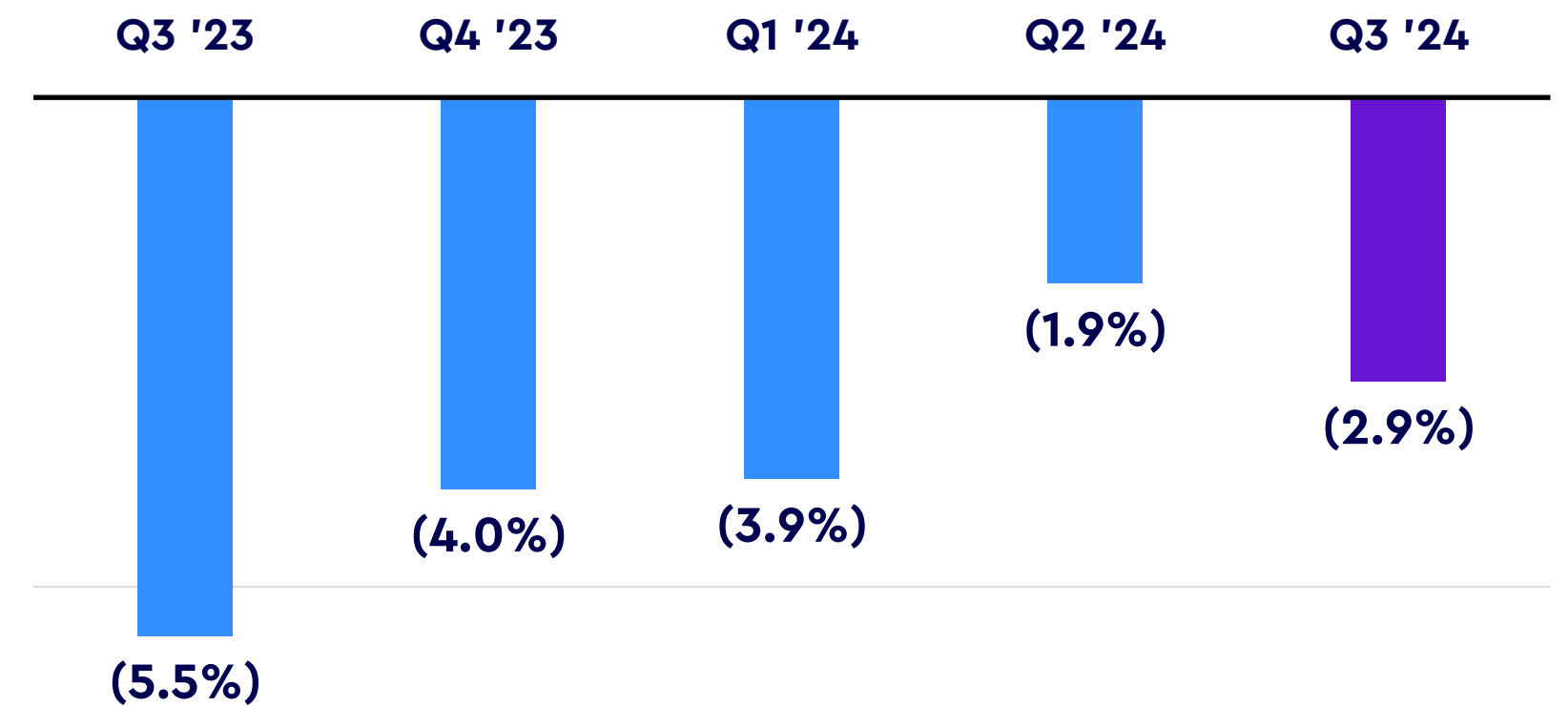
FRANCE



EXCHANGE RATE ANALYSIS

THIRD QUARTER	2024	2023	STERLING (WEAKER)/STRONGER
US\$	1.30	1.27	2.4%
€	1.18	1.16	1.7%
Chinese Renminbi	9.32	9.17	1.6%
Indian Rupee	108.9	104.7	4.0%
Brazilian Real	7.21	6.18	16.7%
Australian \$	1.94	1.93	0.5%
Canadian \$	1.77	1.70	4.1%
Singapore \$	1.72	1.71	0.6%
Danish Krona	8.83	8.67	1.8%

IMPACT OF FX ON REVENUE LESS PASS-THROUGH COSTS GROWTH

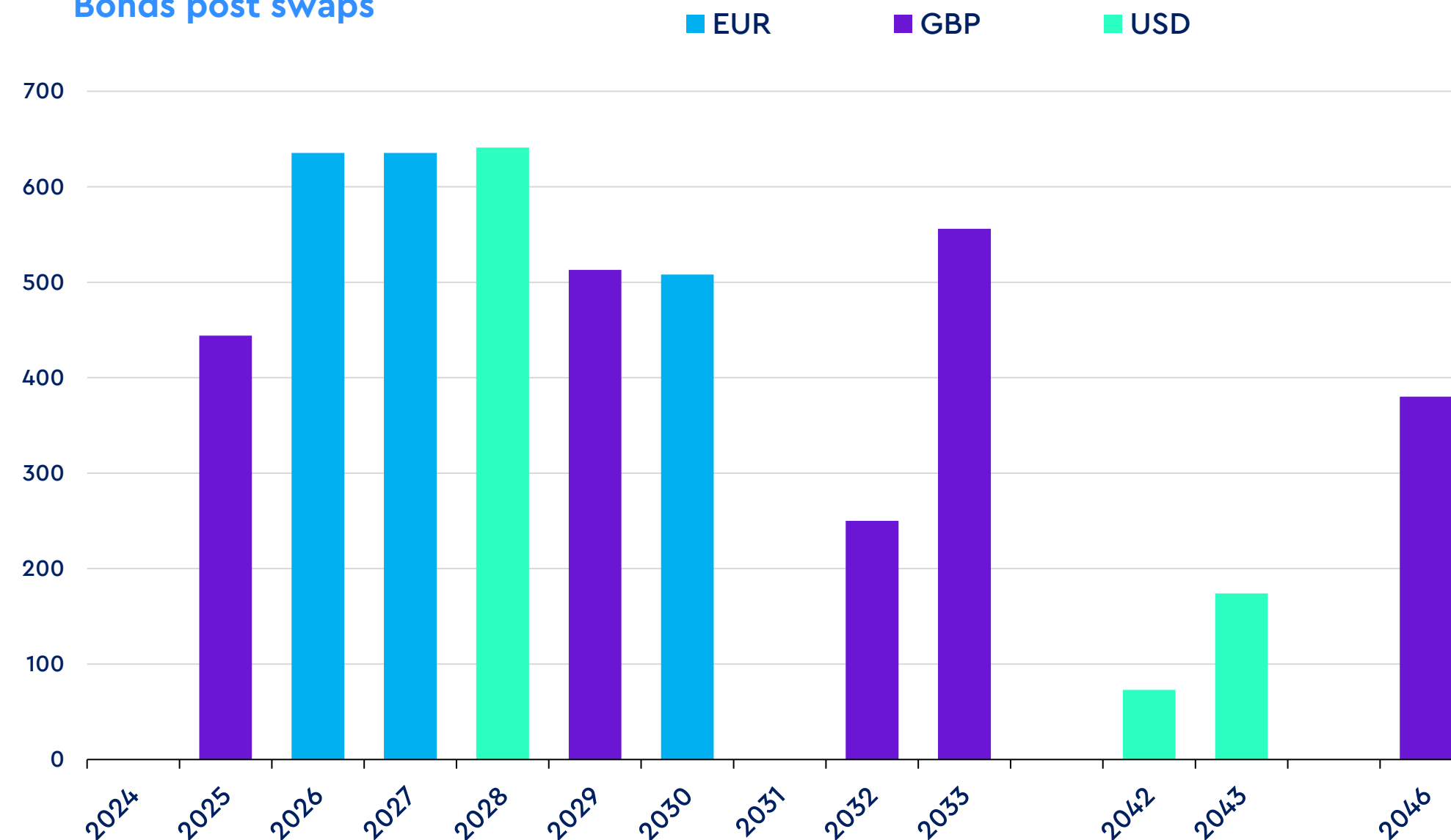


DEBT MATURITY PROFILE

AT SEPT 30 2024 (£M)

Bonds (currency of issuance)	£ Total Credit	£ Total Drawn
£ bonds £400m (2.875% Sep '46)	400	400
US bond \$220m (5.625% Nov '43)	164	164
US bond \$93m (5.125% Sep '42)	70	70
Eurobonds €650m (4.0% Sept '33) ¹	551	551
£ bonds £250m (3.75% May '32)	250	250
Eurobonds €600m (1.625% Mar '30)	499	499
Eurobonds €600m (3.625% Sept '29) ²	499	499
Eurobonds €750m (4.125% May '28) ³	606	606
Eurobonds €750m (2.375% May '27)	624	624
Eurobonds €750m (2.25% Sep '26)	624	624
Eurobond €500m (1.375% Mar '25) ⁴	444	444
Debt Facilities	4,731	4,731
Other facilities	1,869	-
Net cash, overdrafts & other adjustments	-	(1,160)
Total Borrowing Capacity / Net Debt	6,600	3,571

Bonds post swaps



WEIGHTED AVERAGE COUPON 3.7%
WEIGHTED AVERAGE MATURITY 6.4 YEARS
AVAILABLE LIQUIDITY £3.0bn

Exchange Rates £/€ 1.2021 £/\$ 1.3375

¹ Swapped to £551m floating

² Swapped to £499m at 5.22%

³ Swapped to \$811m at 5.10%

⁴ Swapped to £444m at 2.61%

NEW BUSINESS

RECENT NEW CLIENT ASSIGNMENTS^{1,2}



Media
EMEA, APAC



Media
Global

HONOR

Media
Global



Media
Europe

L'ORÉAL

Media³
EMEA



AOR Commerce
Europe



Creative
Global Beauty and
Wellbeing



Creative
Global Oncology



Creative
Global



Creative
US



Creative
Agency of Record



PR
Global

1. Includes new clients and expanded scope won alongside retentions with existing clients
2. Publicly announced in Q3 and October '24
3. L'Oréal International Distribution

SIZE AND SCALE

#1

The world's largest creative agency

SIMPLIFIED WPP OFFERING

VML, Y&R, Wunderman and J Walter Thompson into one simple brand offering

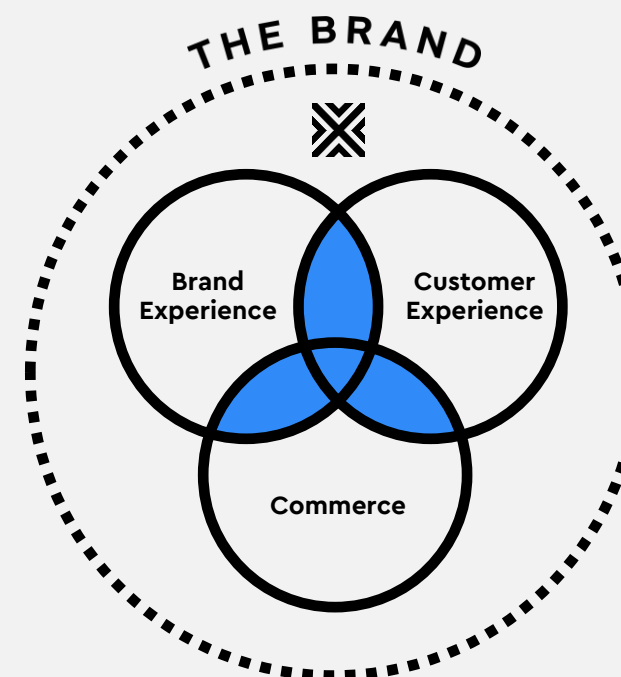
VML

26,000¹
people

150 offices
64 markets

STRATEGIC PROGRESS

CONNECTED CREATIVITY



Integrated commercial proposition

AI-powered evolution

OPERATIONAL EFFICIENCY

Market synergies

Integrated enterprise technology solutions

Offshoring production and tech hubs

Finance & HR transformation

Property and legal entity rationalisation

MAJOR NEW CLIENT ASSIGNMENTS/WINS



SIZE AND SCALE

Top 2

PR firm

SIMPLIFICATION

Three months into the merger of BCW + Hill & Knowlton to create a new communications powerhouse

Burson

6,500¹
people

95 offices

43 markets

STRATEGIC PROGRESS

ACCELERATED INNOVATION

Launch of "PR Studios" in WPP Open, a suite of purpose-built, AI-powered tools to enable our communications consultants

Launch of Decipher Health, a cognitive AI solution to optimise stakeholder engagement and comms impact in healthcare

AWARD-WINNING WORK

8 APAC SABRES

*IKEA
Alstom
AstraZeneca (2)
Britannia
Honor
Roche (2)*

6 LATAM SABRES

*Reckitt (2)
Mercado Libre
PlayStation
Protex Baby
Eletromidia*

NEW CLIENT ASSIGNMENTS



HONOR



SIZE AND SCALE

#1

The world's largest
media agency
(\$63bn billings)¹

#1 in EMEA and APAC,

#2 in N. America

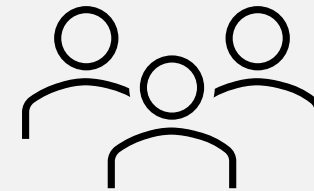
40,000²
people

Data

5bn consumer profiles
in over **73** markets
reached with
Choreograph's global
data graph

STRATEGIC PROGRESS

NEW LEADERSHIP TALENT



New CEO
Brian Lesser

New Senior hires
US and UK

Single team
One integrated growth
and marketing team

SIMPLIFICATION



A simpler **Go-to-Market offer** powered
by **Media Studio**

Single P&L
Country-level
(reducing complexity and
cost and improving decision
making)

NEW CLIENT ASSIGNMENTS

MEDIUM-TERM FINANCIAL FRAMEWORK

3%+

Organic growth
Revenue less pass-
through costs

16%-17%

Headline
Operating Margin

85%+

Adjusted Operating Cash
Flow Conversion

1.5-1.75x

Average Net Debt /
Headline EBITDA¹

DISCIPLINED CAPITAL ALLOCATION

Potential for M&A to accelerate growth by up to 1% p.a.

1. Average adjusted net debt/Headline EBITDA (including depreciation of right-of-use assets)

THANK YOU

