

# INTERIM RESULTS

04 August 2023

# 2023 H1

# 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. An investor can identify these statements by the fact that they do not relate strictly to historical or current facts.**

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; 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 Russian invasion of Ukraine; 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 utilizing Artificial Intelligence (AI) technologies and partnerships in our business; 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). In addition, you should consider the risks described in Item 3D, captioned 'Risk Factors' in the Group's Annual Report on Form 20-F for 2022, which could also cause actual results to differ from forward-looking information. 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.

- First half highlights
- Financial performance
- Strategic progress
- Q&A

# HIGHLIGHTS

- **Resilient growth** in H1 2023 with like-for-like growth +2.0% (Q2 +1.3%)
  - **UK, Western Continental Europe** and **Rest of World** delivered **improved performance in Q2**
  - Continued investment in media. **GroupM** maintained strong stable growth across H1
  - **North America** with reduced spend by **technology clients** and on technology-related projects impacting revenues at **integrated creative agencies**
- Continued to **strengthen offer** to clients and invest for the future
  - Strong creative and media results at Cannes Lions festival
  - **Growing AI-driven work** for clients supported accelerated by investments and partnerships
  - Acquisitions of GOAT and Obviously in the influencer marketing space
- **Disciplined cost control with H1 margin 11.5%** down 0.1pt, and on a constant FX basis improved by 0.1pt. Efficiency benefits offset by continued investment in IT and higher severance costs
- **Updated 2023 guidance:** LFL revenue less pass-through costs growth of 1.5-3.0% (previously 3-5%); headline operating margin of around 15%, excluding the impact of FX, (unchanged)

# FINANCIAL PERFORMANCE

# REVENUE LESS PASS-THROUGH COSTS GROWTH

2023 H1

**+5.5%**

Reported growth  
(+12.5% in H1 '22)

**+2.6pt**

FX contribution to  
reported growth

**+0.9pt**

M&A contribution to  
reported growth

**+2.0%**

Like-for-like growth  
(+8.9% in H1 '22)

# UNAUDITED HEADLINE<sup>1</sup> IFRS INCOME STATEMENT

HALF YEAR TO 30 JUNE	2023 £M	2022 £M	Δ REPORTED	Δ LFL <sup>2</sup>
Revenue	7,221	6,755	6.9%	3.5%
Revenue less pass-through costs	5,811	5,509	5.5%	2.0%
<b>Operating profit</b>	<b>666</b>	<b>639</b>	<b>4.3%</b>	<b>2.7%</b>
<b>Operating profit margin<sup>3</sup></b>	<b>11.5%</b>	<b>11.6%</b>	<b>(0.1pt)</b>	<b>0.1pt</b>
Income from associates	8	12	(38.2)%	
<b>PBIT</b>	<b>674</b>	<b>651</b>	<b>3.5%</b>	
Net finance costs	(128)	(89)	(43.5)%	
<b>Profit before tax</b>	<b>546</b>	<b>562</b>	<b>(2.9)%</b>	
Tax at 27.0% (2022: 25.5%)	(148)	(143)	(3.1)%	
<b>Profit after tax</b>	<b>398</b>	<b>419</b>	<b>(5.0)%</b>	
Non-controlling interests	(37)	(43)	13.7%	
<b>Profit attributable to shareholders</b>	<b>361</b>	<b>376</b>	<b>(4.0)%</b>	
<b>Headline diluted EPS</b>	<b>33.1p</b>	<b>33.0p</b>	<b>0.3%</b>	
EBITDA (including depreciation of right-of-use assets)	767	745	2.9%	

- Continued LFL growth in revenue and revenue less pass-through costs
- **Foreign exchange** tailwind of 2.6pt on revenue less pass-through costs growth, **M&A** impact +0.9pt
- **Operating profit** increased by 4.3%; reported margin 11.5%, down 10bps YoY; up 10bps on constant FX basis with efficiency benefits offset by continued investment in IT and higher severance costs
- **Associate income** excludes Kantar due to nil carrying value (IAS 28)
- **Headline tax rate** up by 1.5pt. FY guidance of around 27%
- **Headline diluted EPS** broadly flat

1 Figures before goodwill and intangibles charges, gains/losses on step-ups, gains/losses on disposals of subsidiaries and investments, investment and other write-downs, share of exceptional gains/losses of associates, restructuring and transformation costs, restructuring costs in relation to COVID-19, litigation settlement and revaluation of financial instruments

2 Like-for-like growth at constant currency exchange rates, adjusted to reflect the results of acquisitions and disposals and the reclassification of certain businesses to associates in 2021 and the reassessment of agency arrangements under IFRS 15 for the commensurate period in the prior year

3 Operating margin as % of revenue less pass-through costs

# RECONCILIATION OF HEADLINE OPERATING PROFIT TO REPORTED OPERATING PROFIT

	2023	2022	Δ
HALF YEAR TO 30 JUNE	£M	£M	£M
<b>Headline operating profit</b>	<b>666</b>	<b>639</b>	<b>27</b>
Goodwill impairment <sup>1</sup>	(53)	-	(53)
Amortisation and impairment of intangibles	(36)	(31)	(5)
Investment and other (write-downs)/reversals <sup>2</sup>	(11)	-	(11)
Restructuring and transformation costs	(87)	(81)	(6)
Restructuring 2023 property review	(180)	-	(180)
Other	7	12	(5)
<b>Non headline items</b>	<b>(360)</b>	<b>(100)</b>	<b>(260)</b>
<b>Reported operating profit</b>	<b>306</b>	<b>539</b>	<b>(233)</b>

- **Restructuring and transformation costs:** include £54m in relation to the IT transformation programme and £24m in relation to the ERP programme.
- **2023 Property review:** FY impairment charge expected to be £220m (of which £200m is non-cash)
- Excluding the 2023 Property review **restructuring costs in 2023 are expected to be £180m**, consistent with previous guidance

<sup>1</sup> Goodwill impairments relating to two small CGUs, reflecting lower growth assumptions.

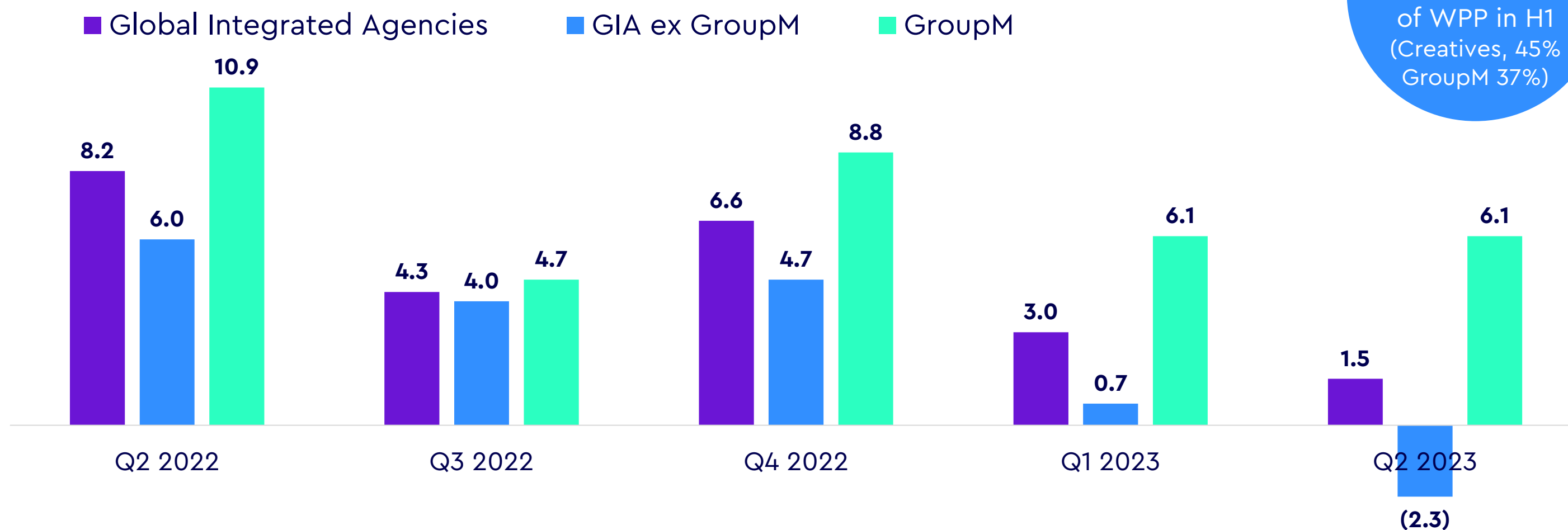
<sup>2</sup> Write-downs mainly relate to impairments over the Group's investment in an associate



# GLOBAL INTEGRATED AGENCIES

£M	H1 2023	Δ REPORTED	Δ VS 22 LFL
Revenue less pass-through costs	4,782	5.4%	2.2%
Headline operating profit	540	6.6%	
Headline operating margin	11.3%	0.1pt	

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



## INTEGRATED CREATIVE AGENCIES

- Continued growth at **Ogilvy**, reflecting client wins including H&R Block, Mondelēz, Samsung, SC Johnson and Verizon
- Hogarth**: mid-single digit growth
- AKQA, VMLY&R, Wunderman Thompson**: lower spend from US tech clients, delays in technology-related projects and 2022 client losses in retail
- ECT<sup>1</sup>** stable YoY at 39% of net sales

## GROUPM

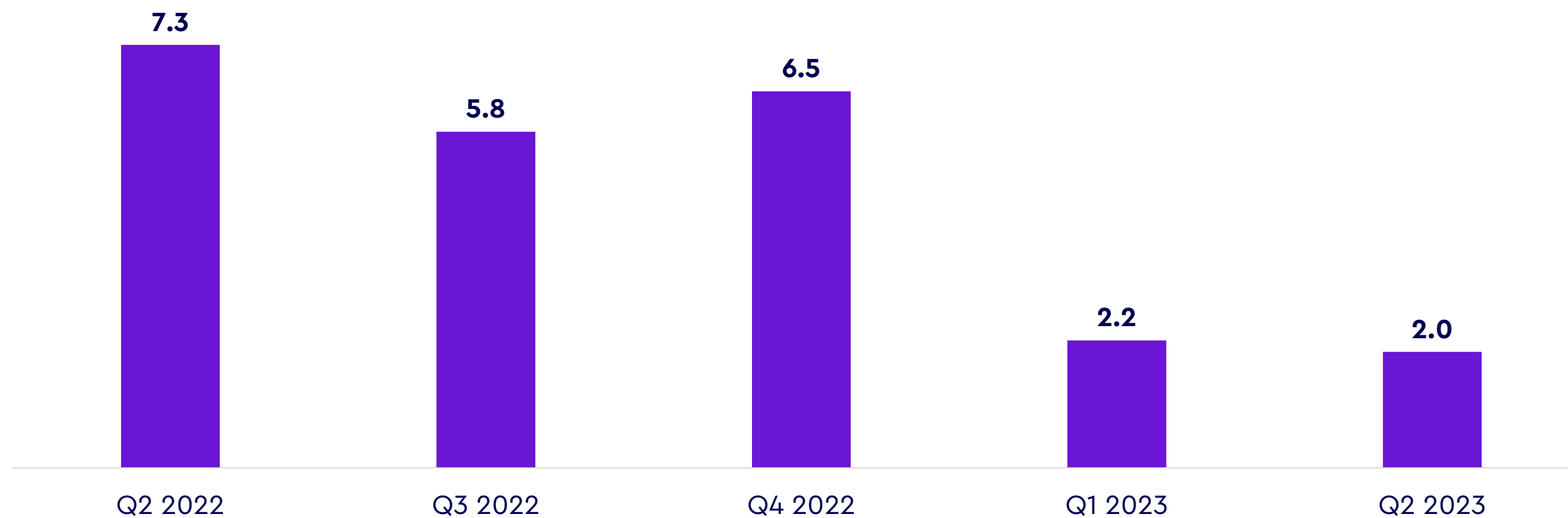
- Broad-based growth across US, UK and Europe
- Programmatic and connected TV driving double-digit growth in GroupM Nexus
- Digital now 49% of media billings (FY 22: 48%)

<sup>1</sup> Revenue less pass-through costs from higher-growth areas of our offer in experience, commerce and technology in Global Integrated Agencies, excluding GroupM

# PUBLIC RELATIONS

£M	H1 2023	Δ REPORTED	Δ VS 22 LFL
Revenue less pass-through costs	584	6.7%	2.1%
Headline operating profit	88	4.8%	
Headline operating margin	15.0%	(0.2)pt	

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



- **H+K:** continued growth on double-digit comp
- **FGS Global:** strong performance. KKR acquired a 29% stake. Ranked #1 in PR by Chambers and Partners<sup>1</sup>
- **BCW:** slight revenue decline; Corey duBrowa appointed new CEO

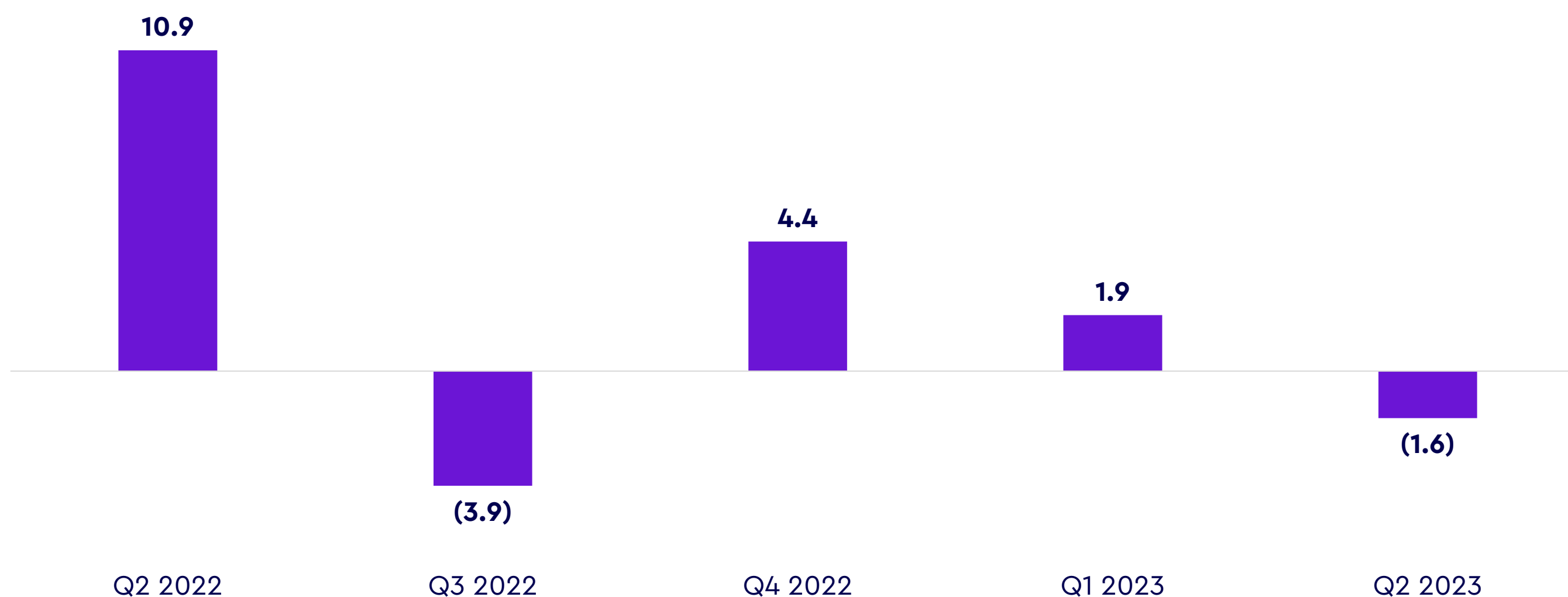


<sup>1</sup> Chambers and Partners Recognises FGS Global with top honours in 2023 Crisis & Risk Management, Litigation and Public Affairs Guides

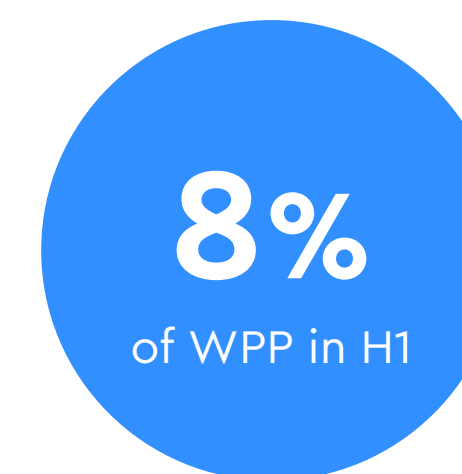
# SPECIALIST AGENCIES

£M	H1 2023	Δ REPORTED	Δ VS 22 LFL
Revenue less pass-through costs	445	4.5%	0.2%
Headline operating profit	38	(21.2)%	
Headline operating margin	8.6%	(2.8)pt	

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

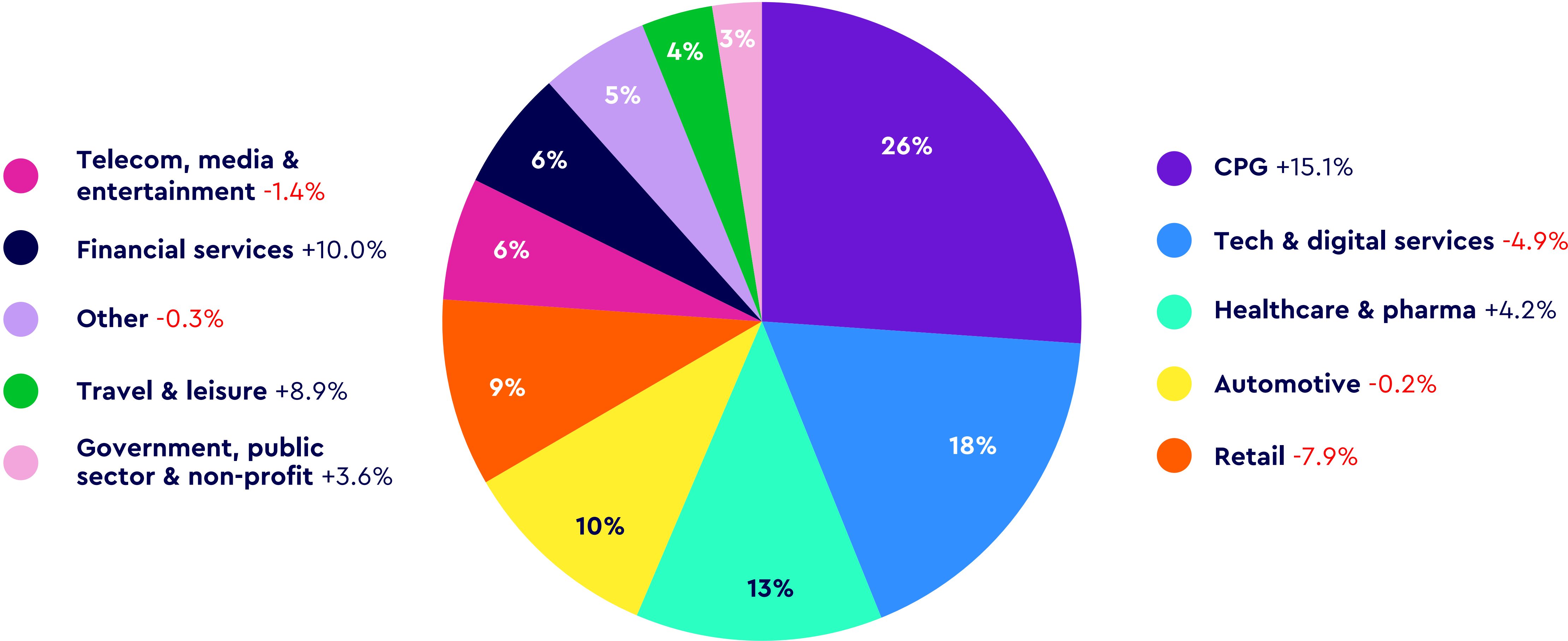


- **Landor & Fitch** continued growth. Acquisition of sonic branding agency, amp
- **CMI**, specialist healthcare unit, maintained double-digit growth
- Smaller agencies declined on a tough comparison and delays in client decision making
- Margin impacted by the run-off of a Covid-19 related contract in Germany



# DIVERSE CLIENT SECTOR MIX<sup>1</sup>

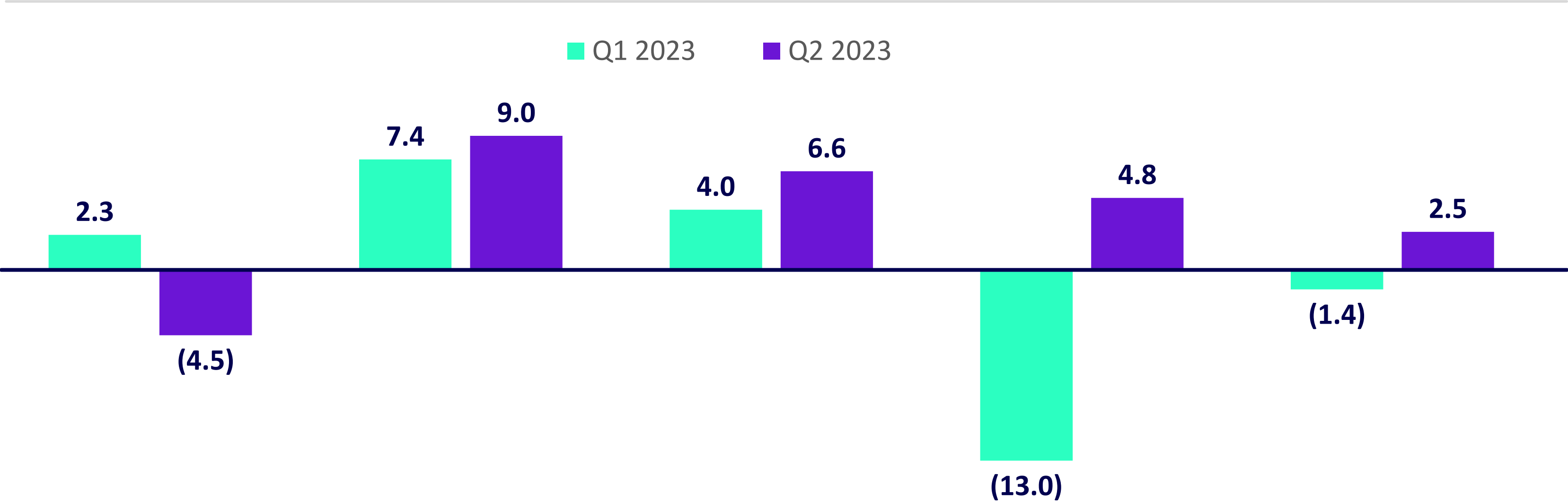
LFL REVENUE LESS PASS-THROUGH COSTS (H1 2023)



<sup>1</sup> Chart shows the proportion of WPP group revenue less pass-through costs in H1 2023 and YoY growth in H1 2023; clients chart made up of 1,423 clients representing 78% of WPP total revenue less pass-through costs. Growth rates shown are LFL growth in revenue less pass-through costs.

# MAJOR MARKETS

## LFL REVENUE LESS PASS-THROUGH COSTS GROWTH IN H1 2023 (%)



**USA**  
37%

**UK**  
14%

**Germany**  
7%

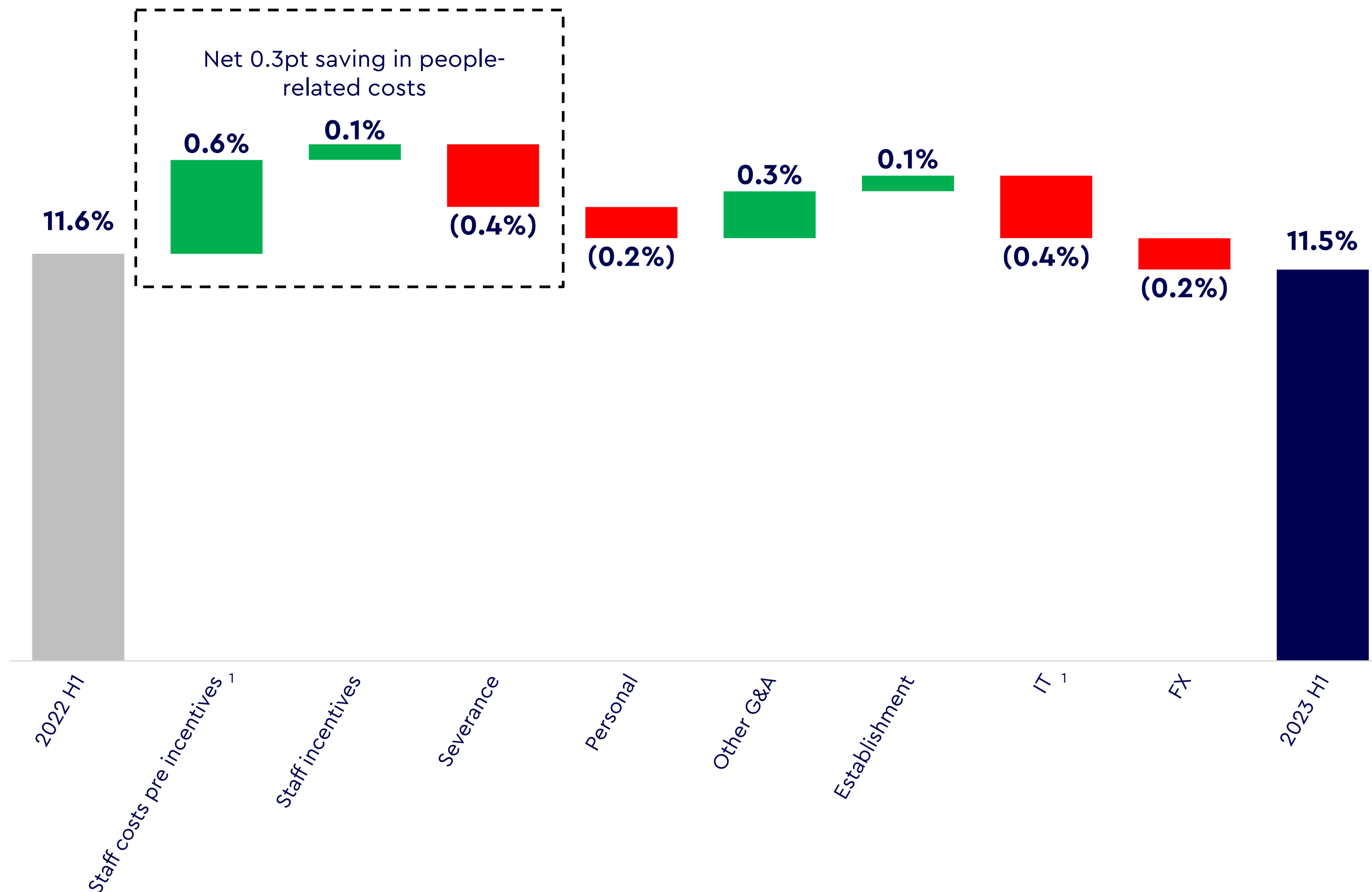
**China**  
4%

**India**  
3%

% of WPP in H1 2023

- **USA: H1 -1.2%** growth in CPG, healthcare and financial services; offset by lower technology and retail client revenues
- **UK: H1 +8.2%** strong performance from CPG and healthcare with double-digit growth in GroupM
- **Germany: H1 +5.4%** strong growth in travel & leisure
- **China: H1 -4.0%** growth due to economic recovery, improvement in GroupM and easier comparisons
- **India: H1 +0.8%** solid growth vs. a tough comparison (Q2 22: +48%) reflecting CPG client spending and new business in Media

# CHANGE IN OPERATING MARGIN YEAR-ON-YEAR



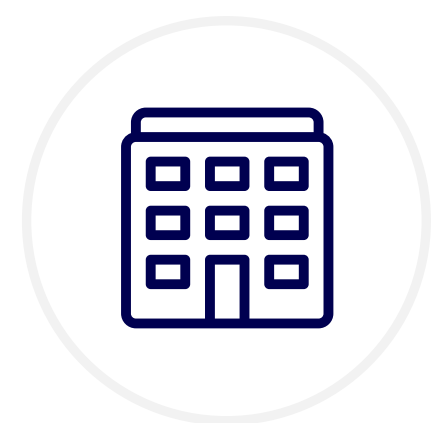
- **Margin:** reported basis 11.5% down 10bps YoY; up 10bps on a constant FX basis
- **Staff costs pre incentives:** good control over freelance costs, partly offset by higher severance as we aligned headcount to market conditions
- **Personal expenses:** higher due to normalisation of travel and investment in training
- **Other G&A:** driven by operating efficiencies
- **Establishment costs:** savings due to campus roll-out
- **IT:** investment in infrastructure

<sup>1</sup> IT includes the impact of movement in IT staff salaries as well as third party costs

# TRANSFORMATION PROGRAMME

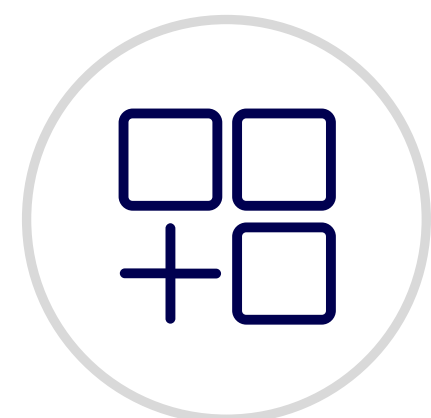
## PROGRESS IN H1

### EFFICIENCY



#### Property

5 more campuses in H1, total now 38.  
Right-sizing US properties



#### Procurement

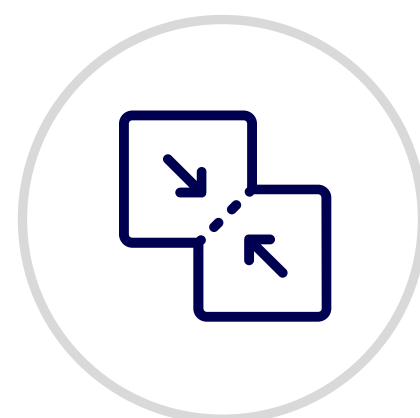
new Flex Talent platform to improve transparency and controls on Freelance spending; Category-management led savings

### OPERATING MODEL



#### Personal

maintained tight controls on travel activity, still below pre-Covid levels



#### Simplification

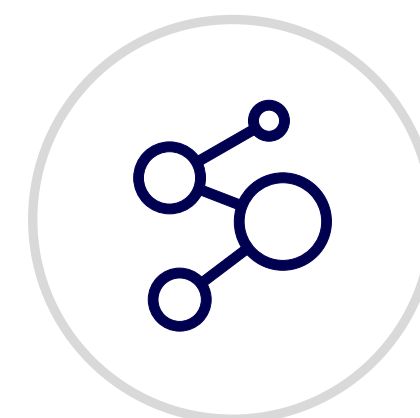
merger to form Design Bridge and Partners; reducing statutory entities by a further 200 in 2023

### FUNCTIONAL/SHARED SERVICES



#### IT

20% of IT staff based in 4 global engineering hubs driving savings in procurement and offshoring<sup>1</sup>



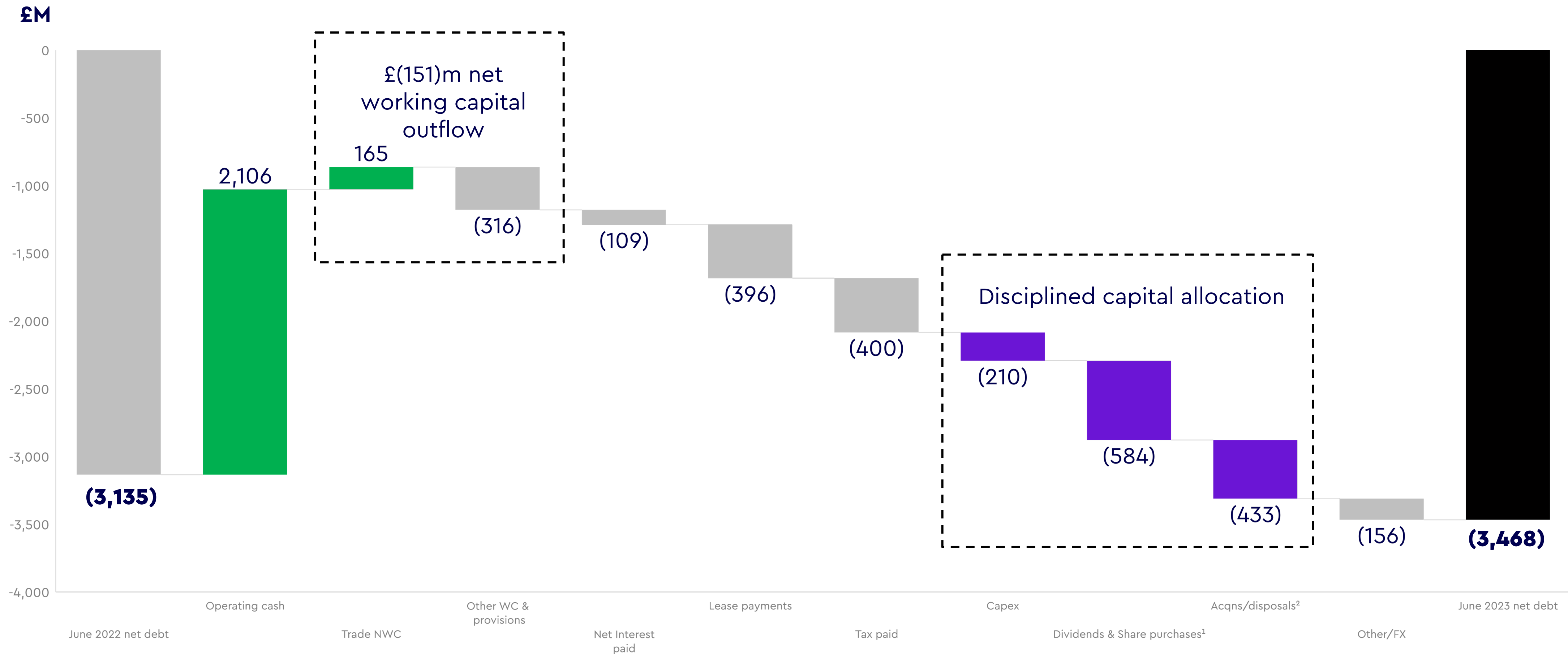
#### ERP platforms:

Maconomy deployed in 17 LATAM and APAC markets  
Workday: operational at Wunderman Thompson N. America, next deployment phase to commence by end 2023

- Continued progress: to date **mostly driven by property and personal costs**
- **On target to achieve annual savings of £450m by end 2023** (2022: £375m) and £600m by end 2025
- **A further review of our property portfolio** has resulted in further office consolidation

<sup>1</sup> Chennai, Mexico City, Kuala Lumpur and Bucharest

# CASH GENERATION



**1.67x**  
Average net debt/EBITDA<sup>3</sup>

1 Dividends to shareholders, share buybacks and share purchases for ESOP

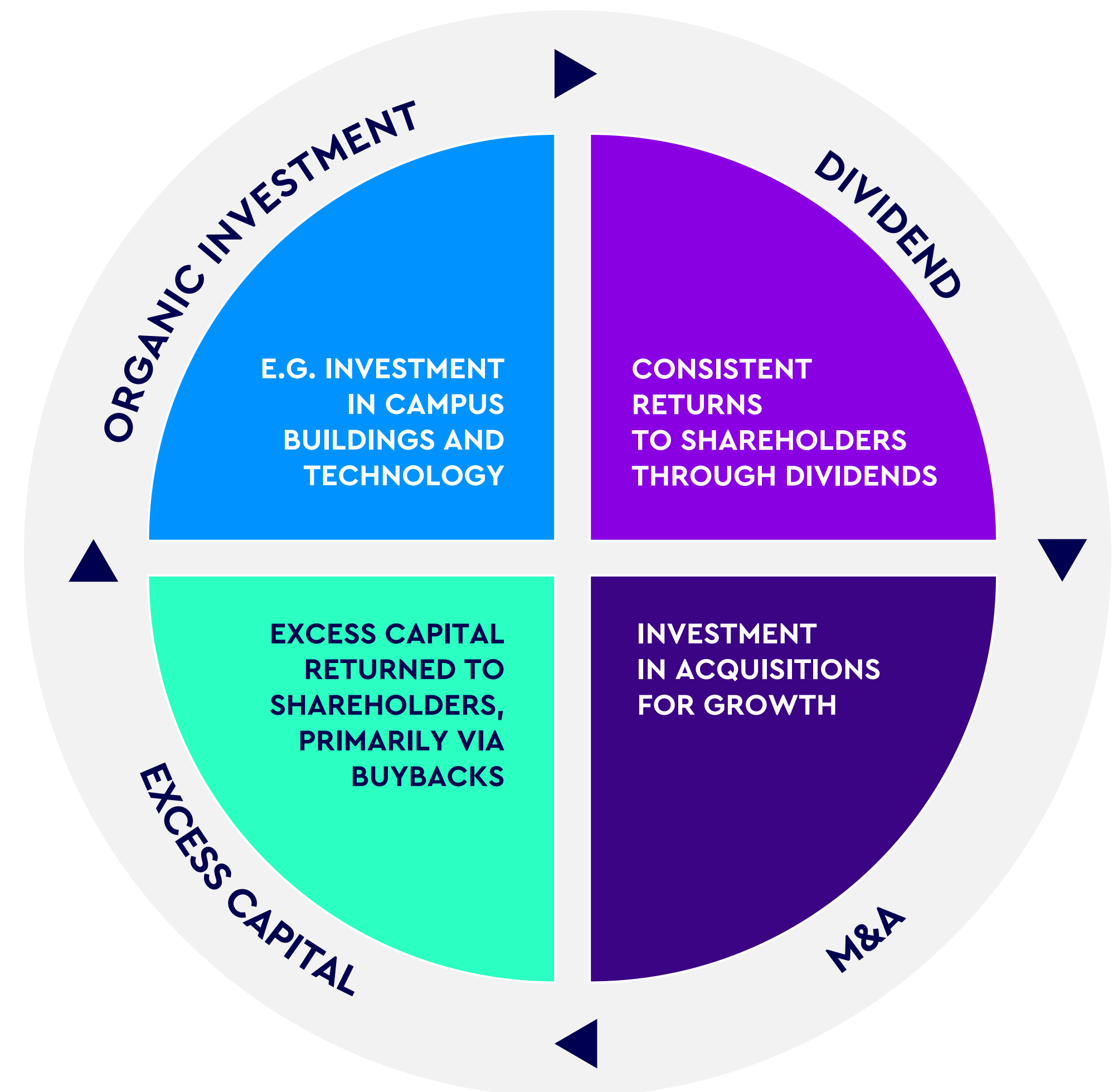
2 M&A excluding earnout payments. Earnouts are in operating cash

3 Average adjusted net debt/ headline EBITDA (including depreciation of right-of-use assets) on a 12-month basis to June. Adjusted net debt excludes lease liabilities



# CONSISTENT CAPITAL ALLOCATION POLICY

- **Organic investment:** in technology infrastructure, campuses and standardised systems
- **Acquisitions to enhance our offer:** in H1 2023 these included Goat (influencer), Obviously (influencer), 3K Communications (PR), amp (branding), and Majority (creative)
- **Dividends:** declared interim dividend per share of 15p, consistent with policy of around 40% of headline EPS
- **Excess capital:** will be returned to shareholders, in the event net debt/EBITDA is below the target range 1.5-1.75x range (H1: 1.68x)



# GUIDANCE

**FY 2023 LFL revenue less pass-through costs growth of 1.5-3.0% (previously 3-5%);  
FY 2023 headline operating margin of around 15% (excluding the impact of FX)**

- Mergers and acquisitions will add 0.5-1.0% to revenue less pass-through costs growth
- FX impact: current rates (31<sup>st</sup> July 2023) imply a c.2.0% drag on FY 2023 revenues less pass-through costs and a c.0.25pt drag on FY 2023 headline operating margin
- Headline income from associates is expected to be around £40m<sup>1</sup>
- Effective tax rate (measured as headline tax as a % of headline profit before tax) of around 27%
- Capex of around £250m (previously £300m)
- Restructuring and property impairment charges of around £400m, consisting of costs of £180m detailed in prior guidance with the addition of £220m of cost relating to the 2023 property review (of which £200m is non-cash)
- Trade working capital expected to be broadly flat year-on-year, with operational improvement offsetting increased client focus on cash management
- Non-trade working capital expected to be an outflow of £150m
- Average adjusted net debt/headline EBITDA within the range of 1.5x-1.75x
- Year-end adjusted net debt flat year-on-year

<sup>1</sup> 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. WPP's cumulative reported share of losses in Kantar reduced the carrying value of the investment to zero at the end of December 2022.

# STRATEGIC PROGRESS

# INCREASINGLY COMPLEX ENVIRONMENT

Twitter to become 'accurate data source' in bid to woo advertisers, says new boss Yaccarino

**The Telegraph** June 2023

Retail media ad revenue forecast to surpass TV by 2028

 **REUTERS** June 2023

*Apple Is Stepping Into the Metaverse. Will Anyone Care?*

Interest in the futuristic, immersive digital world is fading just as Apple plans to debut a virtual reality device.

**The New York Times** June 2023

AI WILL IMPACT AT LEAST HALF OF ALL AD REVENUE IN 2023, GROUPM PREDICTS

**AdAge** June 2023

Netflix Password Sharing Crackdown Could Drive Ad-Supported Subs

**VIDEOWEEK** ▶ May 2023

**Bud Light fumbles, but inclusive advertising is here to stay**

 **CBS** April 2023

With Help From Nvidia, WPP Is Becoming an AI Company

**ADWEEK** June 2023

UBER / RIDE-SHARING / TRANSP

**Uber's about to stick video ads in its cars, apps, and anywhere else it can** / 'We know where you are, we know where you are going to, we know what you have eaten.'

**The Verge** June 2023

Brands increase TikTok spending despite threat of US ban

Digital advertising on the Chinese-owned video app grew by 11% in March

**FINANCIAL TIMES** April 2023

Instagram's Threads: 'Almost every influencer will be hopping on it'

 **BBC NEWS** June 2023

Litigation | Attorney Analysis | Data Privacy

**U.S. data privacy laws to enter new era in 2023**

 **REUTERS** January 2023

# CLIENTS PRIORITIES FOCUS ON THE FUTURE

**INVESTMENT  
BEHIND BRANDS**

**CREATIVITY &  
EFFECTIVENESS**

**SIMPLICITY &  
TRANSFORMATION**

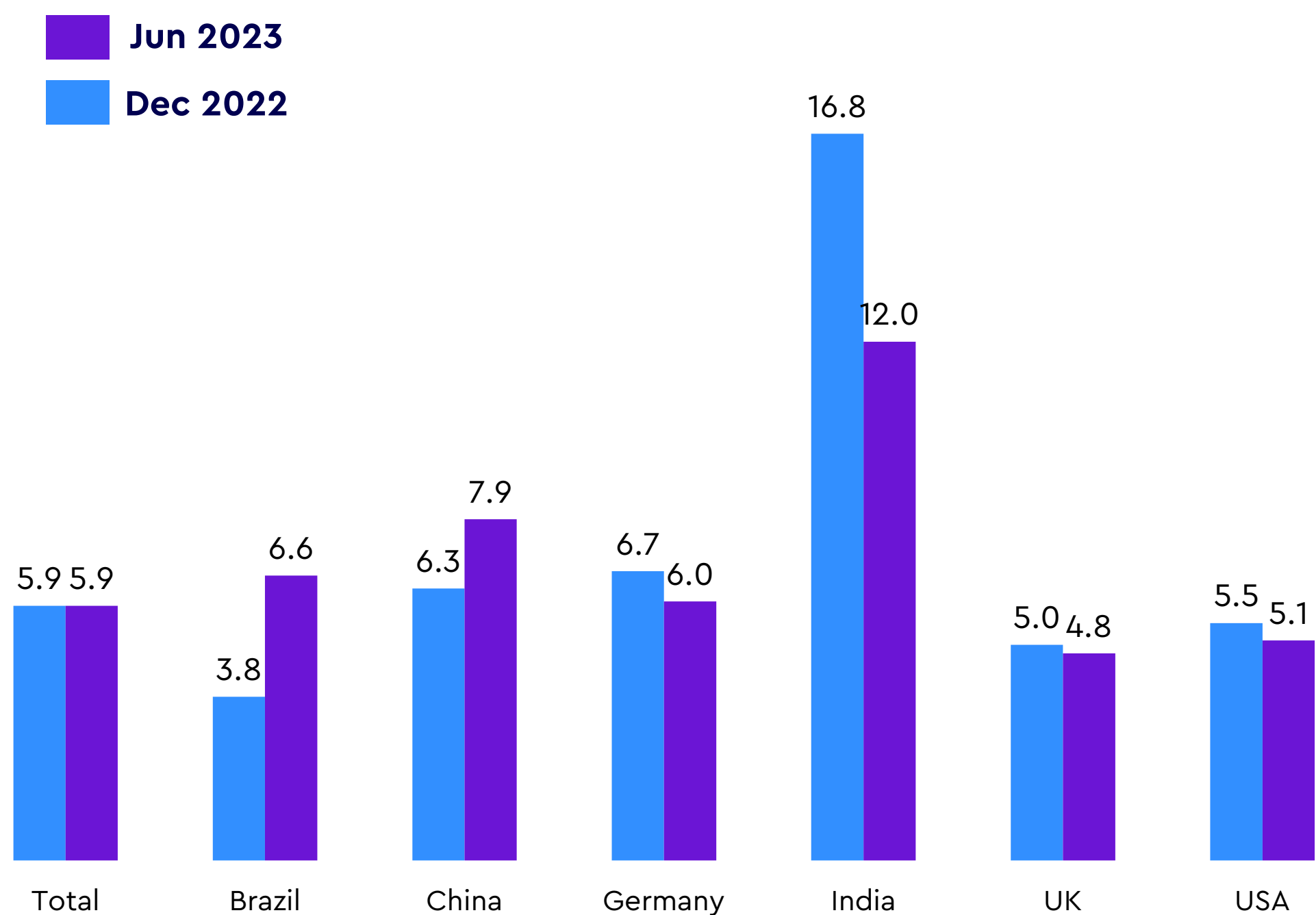
**TECHNOLOGY &  
DATA**

**ARTIFICIAL  
INTELLIGENCE**

# CLIENTS ARE INVESTING IN THEIR BRANDS

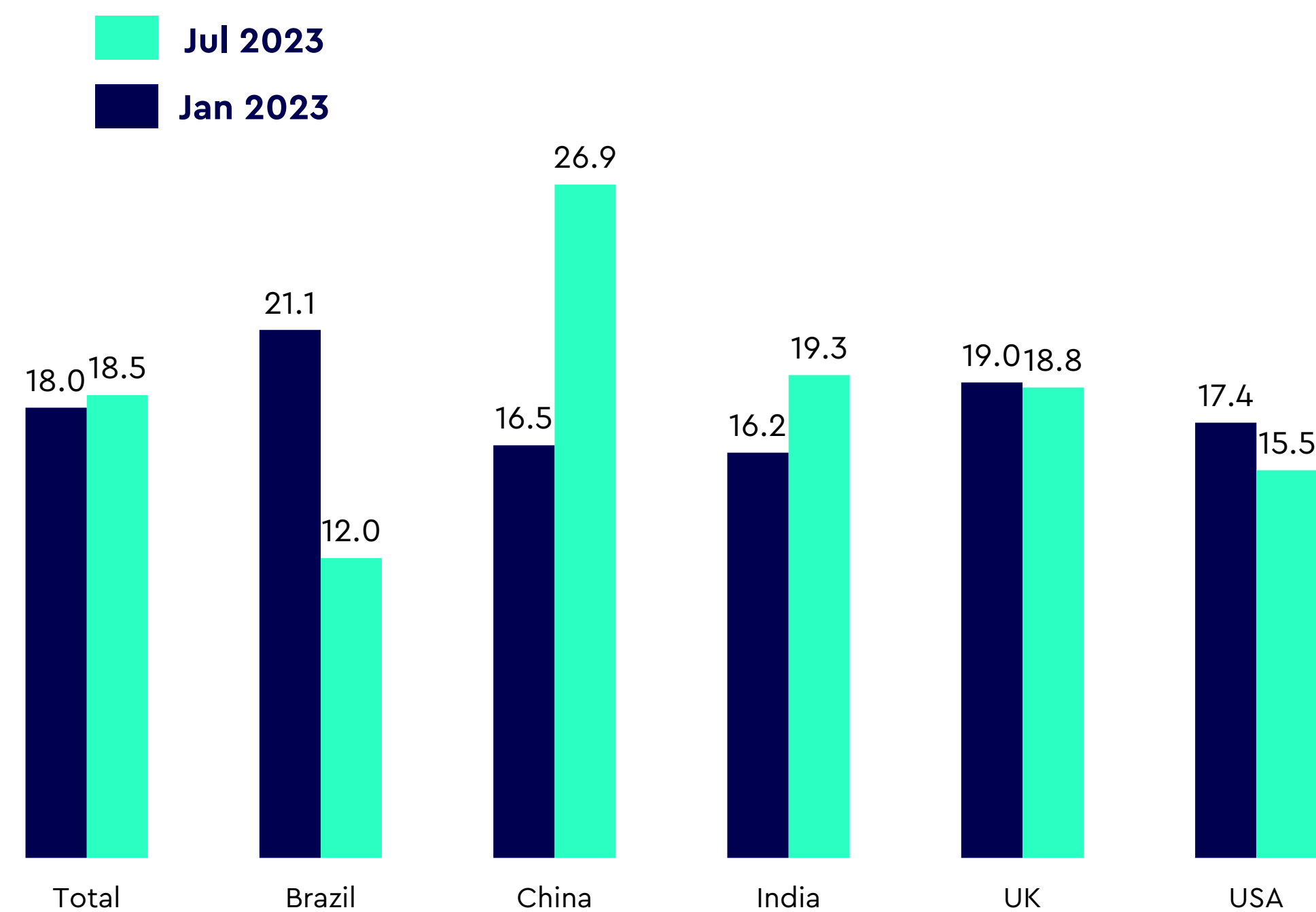
## GROUPM – THIS YEAR, NEXT YEAR

MEDIA GROWTH FORECASTS FOR 2023 (%)<sup>1</sup>



## CITI CMO SURVEY – MARKETING INTENTIONS

MARKETING BUDGET GROWTH OVER THE NEXT 2-3 YEARS (%)<sup>2</sup>



<sup>1</sup> GroupM's This Year Next Year: 2023 Global Mid-year forecast for media-spend (June 2023)

<sup>2</sup> Citi Research survey of 175 Chief Marketing Officers across five countries (July 2023)

# CLIENTS ARE INVESTING IN THEIR BRANDS

## NEW BUSINESS H1 2023



**Social Media**  
Global



**Media**  
India



**Media**  
EMEA



**Media**  
India



**Media**  
UK



**Media**  
Americas



**Media**  
UK



**Creative**  
Global



**Creative**  
Global



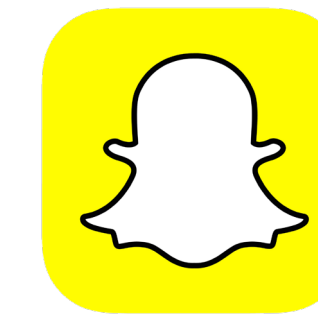
**Production**  
Global



**Public Relations**  
Switzerland



**Public Relations**  
UK



**Public Relations**  
Australia



**CRM**  
UK

# CREATIVITY & EFFECTIVENESS

## RECOGNITION FOR OUR CREATIVITY



### Cannes

Mindshare: Media Network of the Year



### Effies

WPP named most effective communications company globally;  
Ogilvy ranked most effective agency network



# SIMPLICITY & TRANSFORMATION

## OPEN AGENCY MODEL CREATED FOR THE COCA-COLA COMPANY WITH CREATIVE EXCELLENCE AT THE CORE

### FIRST OF ITS KIND AGENCY MODEL

A single integrated solution

### ONE DATA AND TECHNOLOGY PLATFORM



### GLOBAL SCALE AND LOCAL INTIMACY

Serving 200 brands in over  
200 markets



WPP Open X

Coca-Cola credits 'world class marketing' as it ups growth forecast

Marketing Week July 2023

### TO DRIVE REVENUE AND CONSUMPTION GROWTH

Converting through digital, social, PR, retail  
and live Experiences, consumption occasions,  
culture, sports, music, food

### DELIVER EFFICIENCY

From c.7,000 agencies to one global  
marketing network partner

### AND TRANSFORM FOR THE FUTURE

Integrating technologies across  
creative, production and media.  
Driving global partnerships

# TECHNOLOGY & DATA: PARTNERSHIPS

## NEW TECHNOLOGY CAPABILITY PARTNERSHIPS IN H1



first party data and listener intelligence



Customer engagement platform



Commerce and payments solutions



SaaS Ecommerce platform

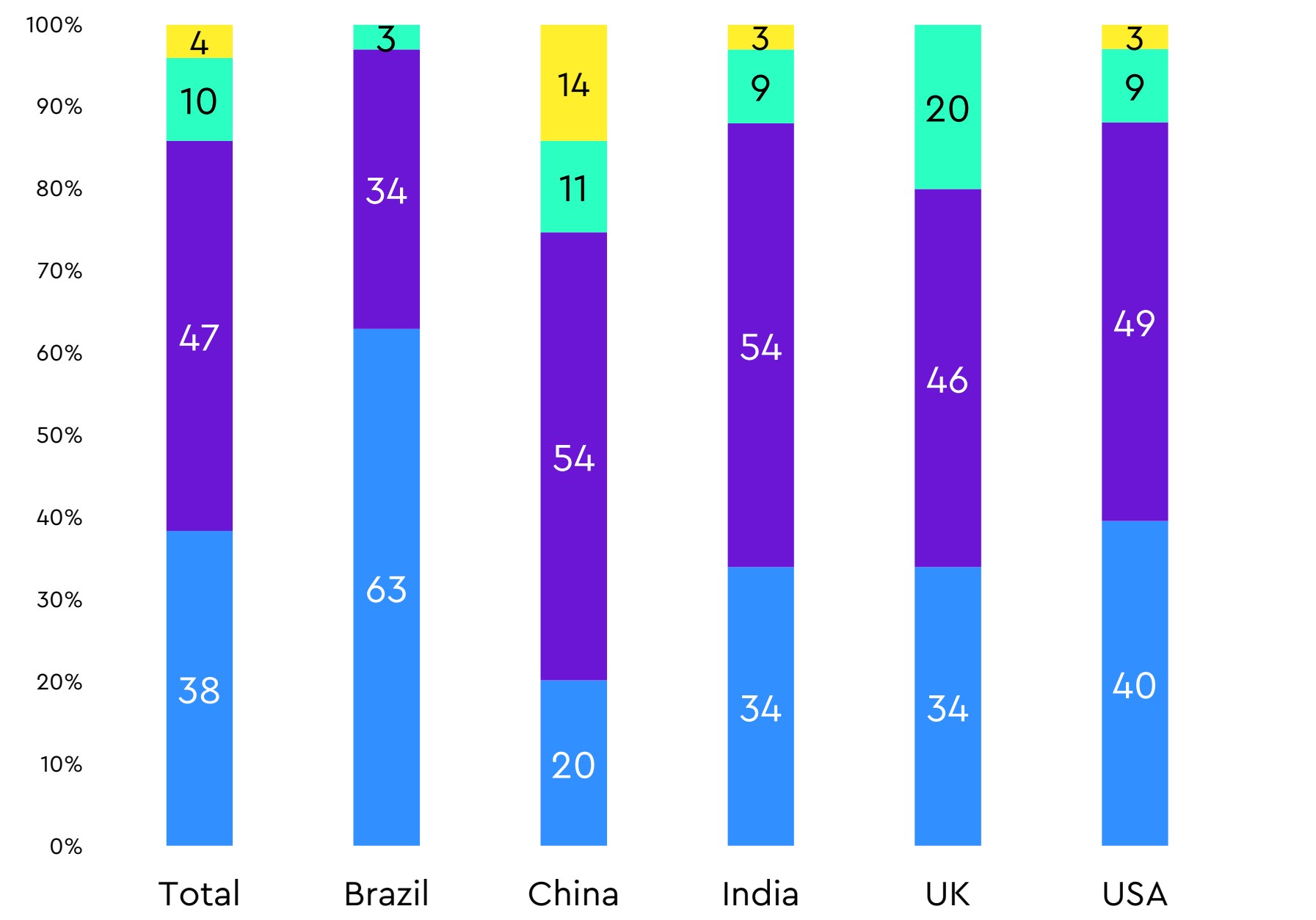


contentful

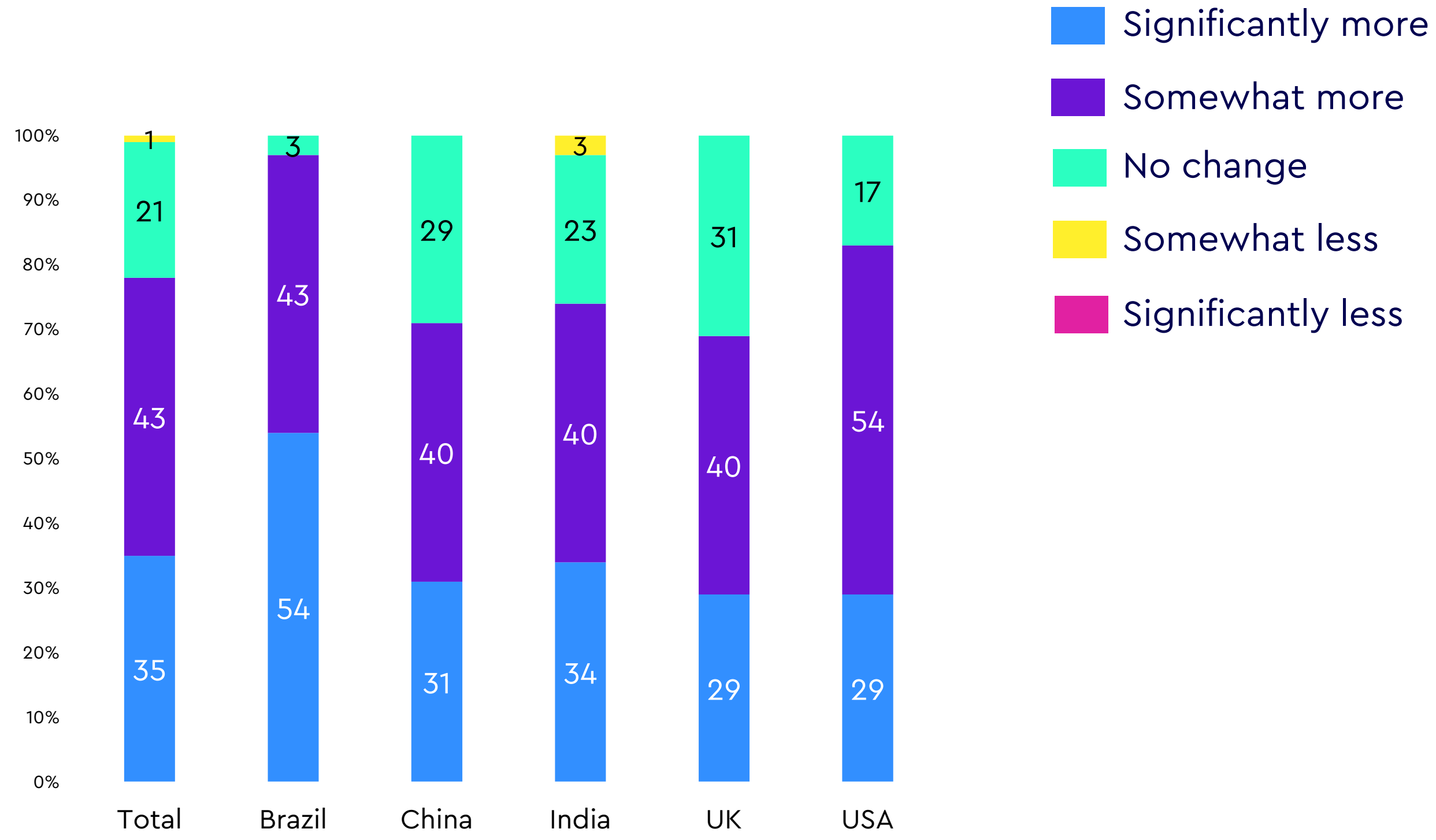
Content management systems

# EARLY CLIENT VIEWS ON GEN AI ARE POSITIVE

**CITI CMO SURVEY – MARKETING INTENTIONS**  
**IMPACT OF GENERATIVE AI ON OVERALL ADVERTISING SPEND<sup>1</sup>**



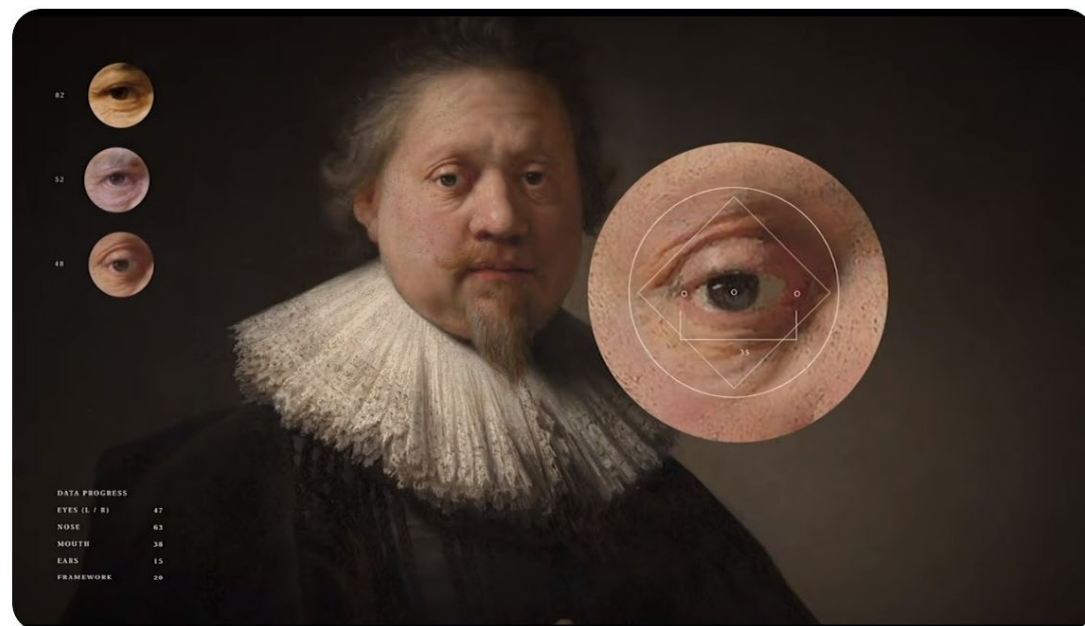
**CITI CMO SURVEY – MARKETING INTENTIONS**  
**IMPACT OF ON MONEY SPENT ON AGENCY SERVICES<sup>1</sup>**



<sup>1</sup> Source Citi Research survey of 175 Chief marketing officers across five countries. Numbers may not sum due to roundings

# AI: BROAD CAPABILITIES ACROSS WPP

## CREATIVE



The Next Rembrandt + WUNDERMAN THOMPSON ING



Utilising AI to power creativity since 2016

## PRODUCTION



Satalia

AI and Omniverse-powered content engine for virtual production

## MEDIA



groupm nexUS Copilot

Satalia GAIN THEORY acceleration A WPP Company

AI-powered campaign performance enhancement

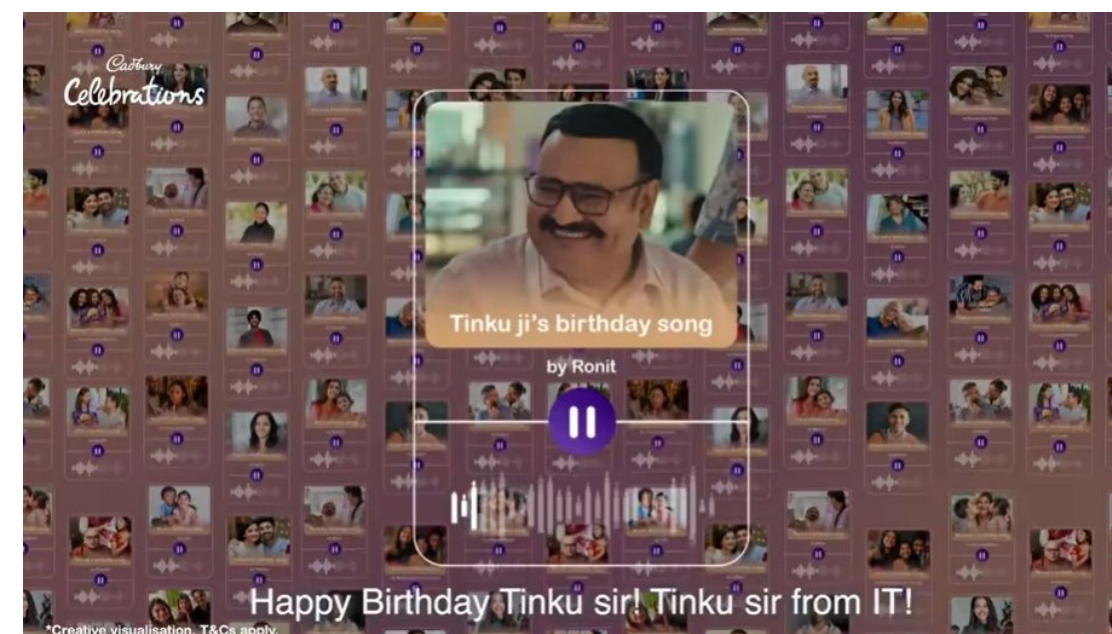
# AI: DELIVERING WORK TO CLIENTS TODAY

## SUPERCHARGING OUR CREATIVE WORK



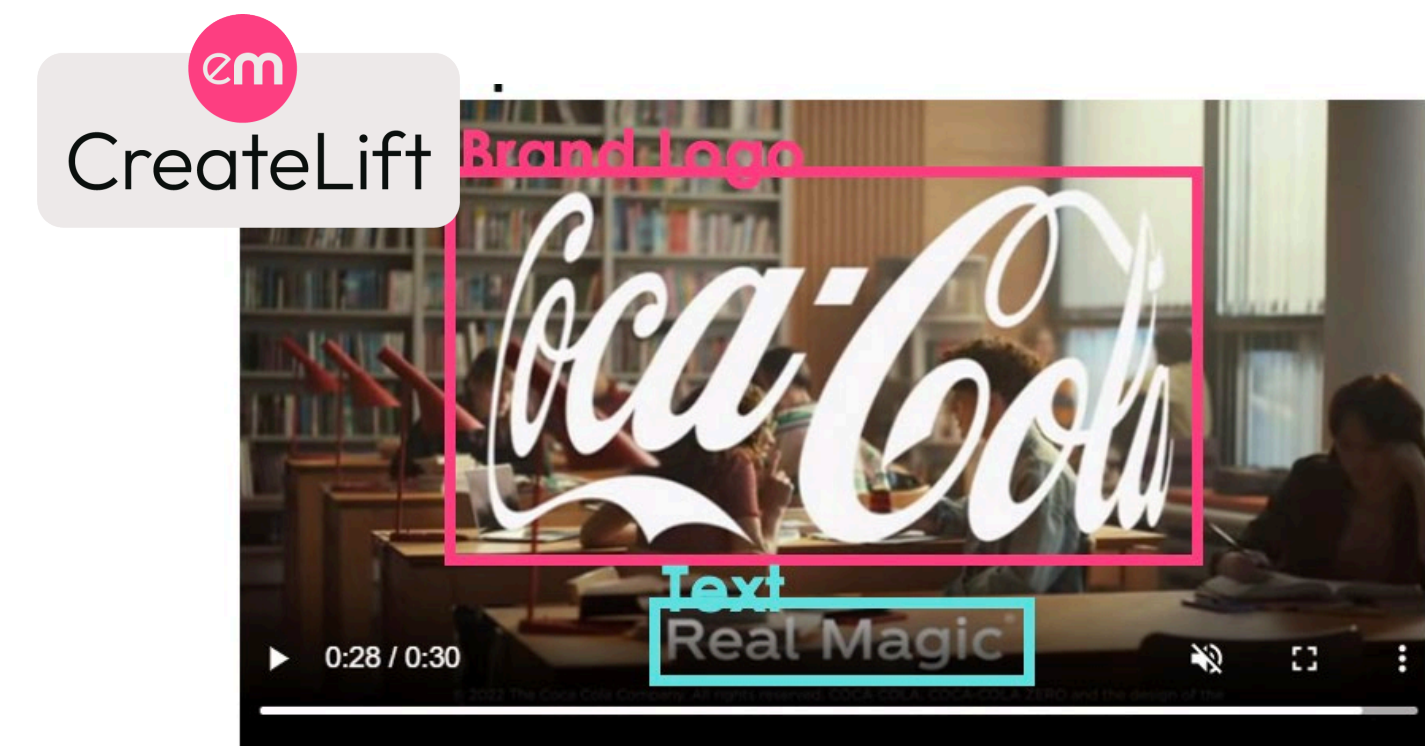
Meet Jen AI. An AI version of Jennifer Lopez - designed to invite your friends and family to a celebratory voyage

## SCALING PERSONALISATION



AI tools to generate personalised Happy Birthday songs for everyone

## MAXIMISING PERFORMANCE



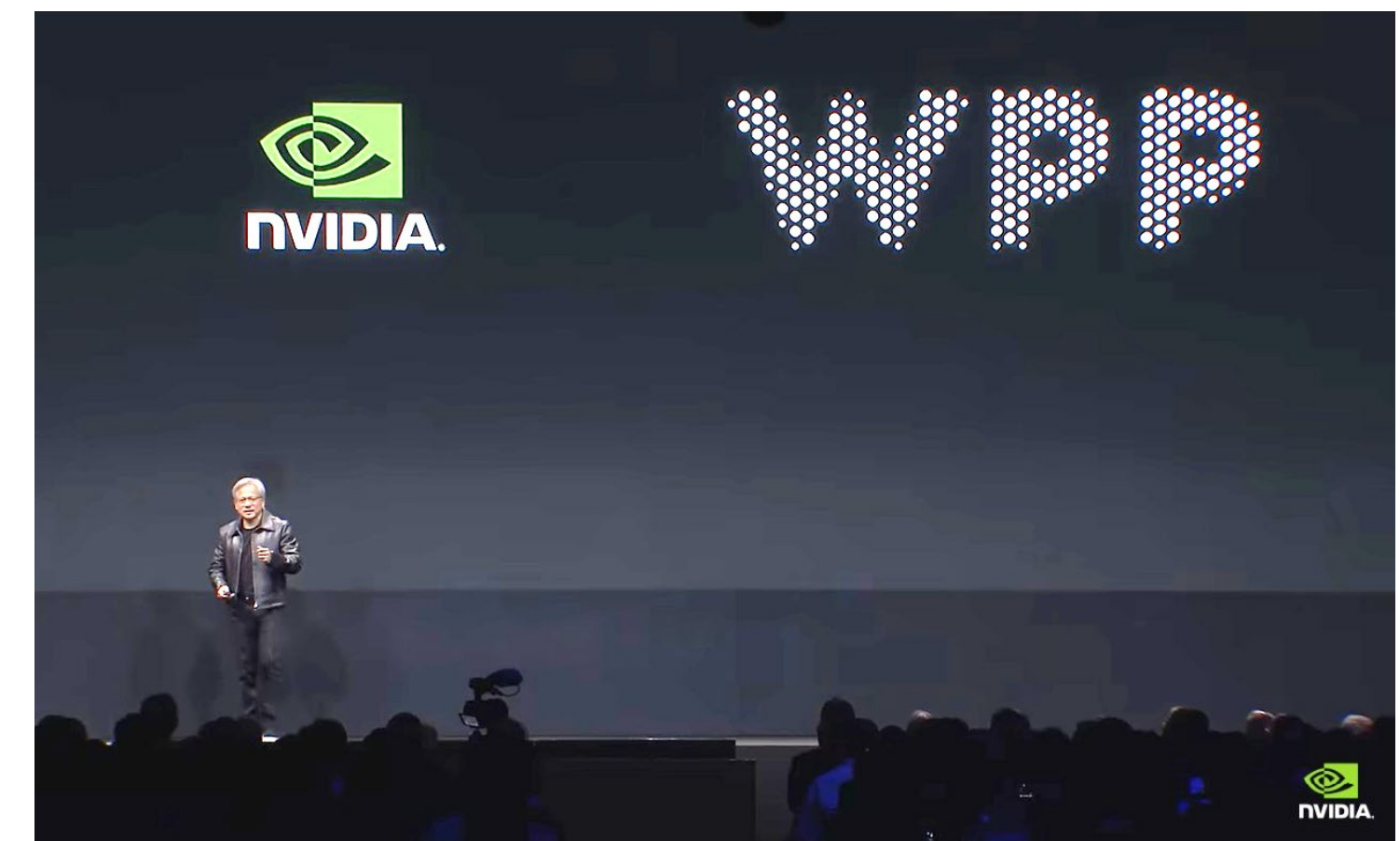
AI-powered measurement and optimisation of media and creative performance

# AI: LONG-TERM PARTNERSHIP WITH NVIDIA

## NVIDIA OMNIVERSE™ POWERED CONTENT ENGINE FOR VIRTUAL PRODUCTION



- **A best-in-class creative production pipeline:** connecting an ecosystem of 3D design, manufacturing and creative supply chain tools
- Based on copy-right safe content, including CAD/CAM data, **Adobe Substance 3D** and **Adobe Firefly** and generative AI models trained on **Getty Images** using **Nvidia Picasso**



“  
*Today we're announcing that WPP is partnering with Nvidia to build a content generation engine based on Omniverse and Generative AI*  
”

Jensen Huang, NVIDIA CEO, Computex 2023

# NVIDIA Omniverse & Generative AI

WPP's Content Engine  
Transforms Advertising



0:02 / 1:20

A set of standard video player controls including a play button, a next button, a volume icon, a progress bar, a play/pause button, a closed captions icon, a settings gear, a full screen icon, a window icon, and a refresh icon.

# ACQUISITIONS SUPPORTING AI STRATEGY: AMP

## GROWING IMPORTANCE OF SONIC BRANDING



Sound is a key element of every marketing touchpoint: 75% of GenZ consumers say that music helps them to feel more connected to brands

## AMP, THE WORLD'S LEADING SONIC BRANDING BUSINESS

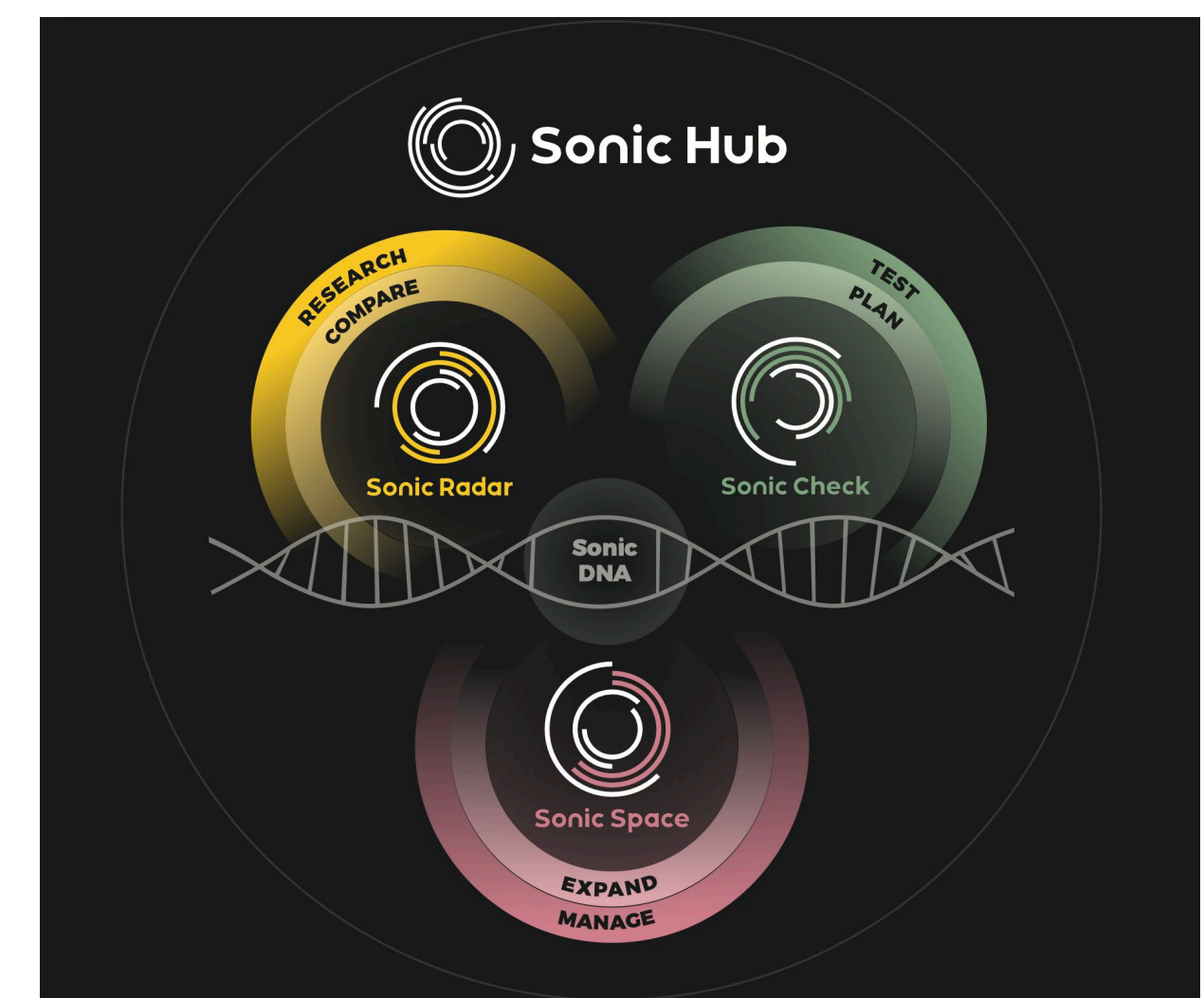


### Key clients



Deep expertise in music and sound, with extensive sonic branding data, and generative AI capabilities

## SONIC HUB®: END-TO-END AI SOLUTION



Sonic Hub® an AI toolset to analyse, create and manage sonic assets, covering the entire lifecycle of a brand's sonic identity



# SUMMARY

- **Mixed market environment:**
  - GroupM (Media) continues to perform well. Regions excluding the US saw strong Q2, with China recovering
  - Lower spend by technology clients and on technology-related projects impacted our US integrated creative agencies
- **Continued strategic progress:**
  - Investment in data and technology platforms - Choreograph and AI-powered WPP Open
  - Enhanced offer via bolt-on M&A, partnerships and investment in talent
  - Transformation programme savings on track
- **Disciplined cost control:** margin up 10pts excluding FX
- **Guidance:** FY 2023 LFL revenue less pass-through costs growth expected to be 1.5-3.0% (previously 3-5%); headline margin of around 15% (excluding the impact of FX, unchanged)

**Q&A**

# CONTACTS AND FURTHER RESOURCES

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## **WPP INVESTOR RELATIONS**

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## **INVESTOR WEBSITE**

[wpp.com/investors](https://wpp.com/investors)

## **INVESTOR WEBINARS**

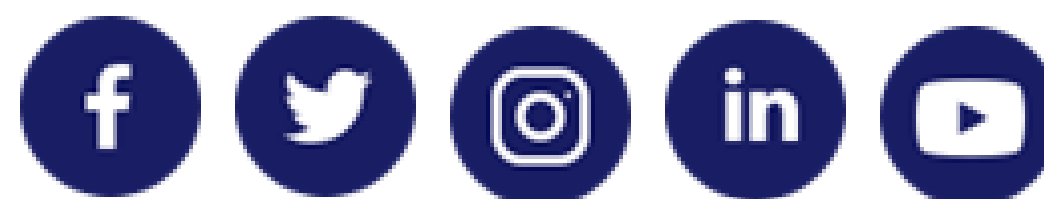
*A series of webinars designed to give investors and analysts deeper insight into individual agencies, products and services within WPP*

[WPP webinars](#)

## **Annual Report & Accounts 2022**

[Annual Report 2022](#)

## **SOCIAL CHANNELS**



# APPENDIX

# EXAMPLES OF OUR WORK

## COMMUNICATIONS



### THE MOST BEAUTIFUL SOUND

Nothings more beautiful than the sound of cancer dying [click here](#)

**GREY**

## EXPERIENCE



### DOVE'S #TURNYOURBACK

Challenging beauty standards on social media [click here](#)

**Ogilvy**

**MINDSHARE**

## COMMERCE



### FIRST DIRECT SKUNK

Bringing a whiff of hope to the nation [click here](#)

**+ WUNDERMAN  
THOMPSON**

## DATA & TECHNOLOGY

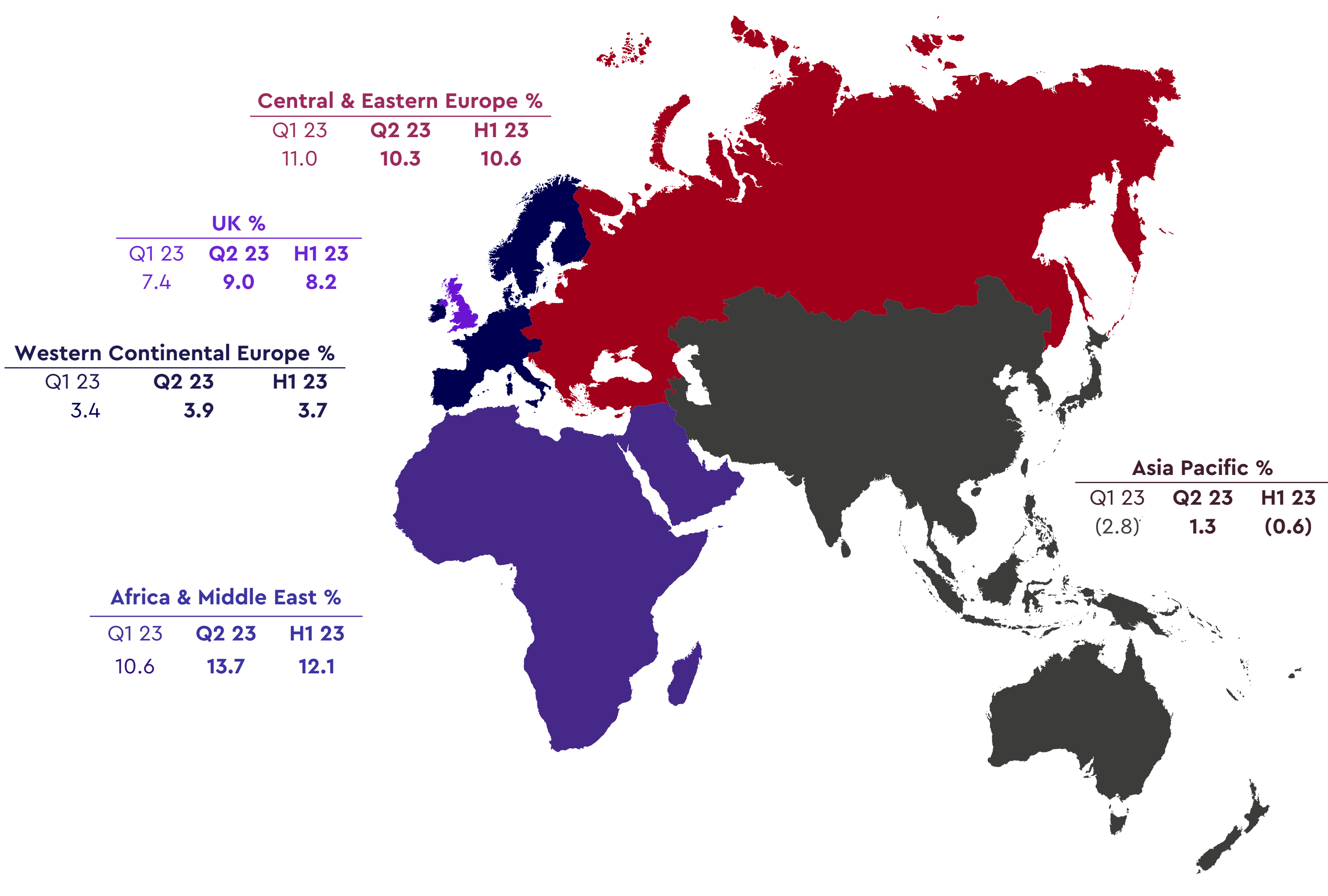
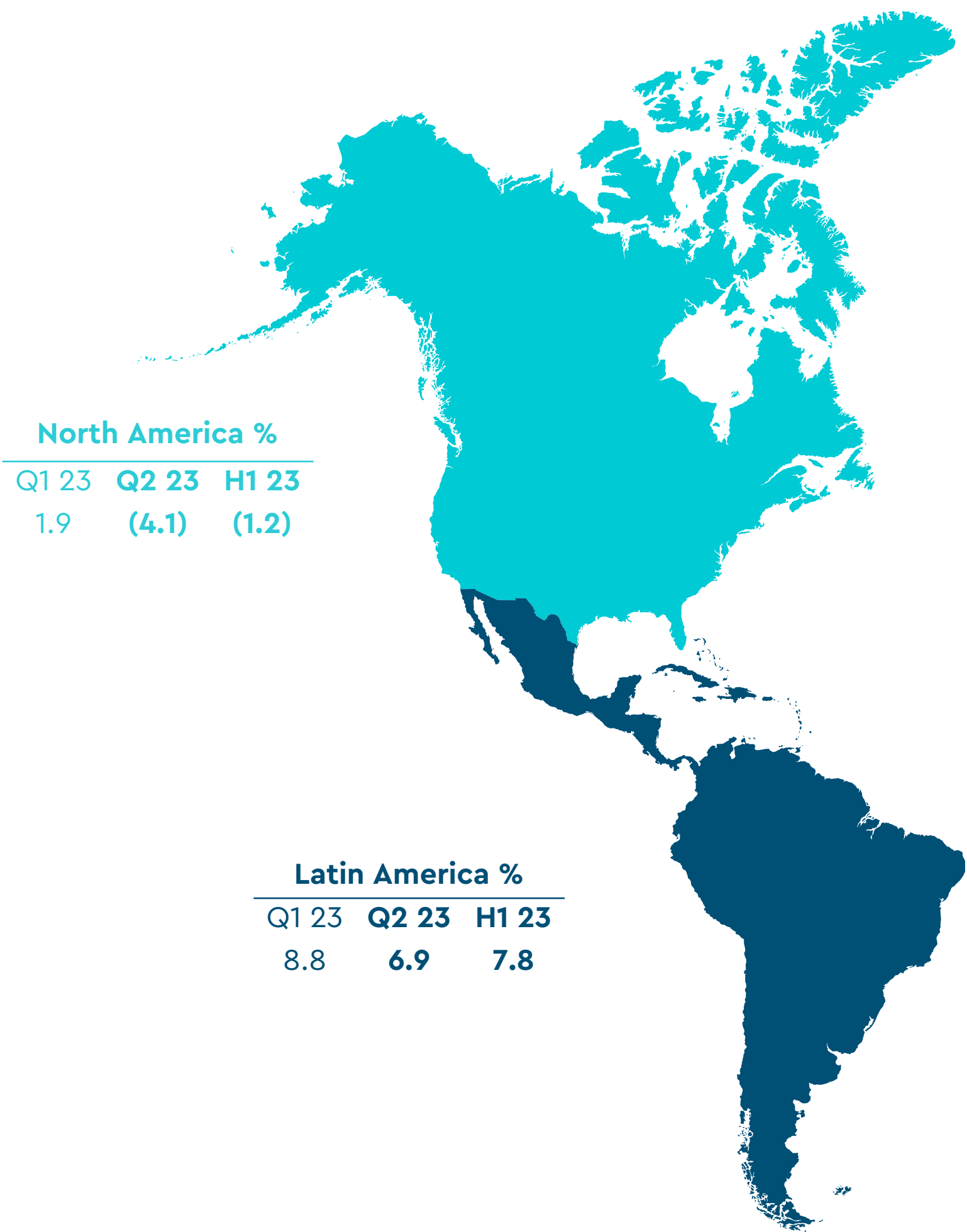


### VIRGIN VOYAGES: JEN AI

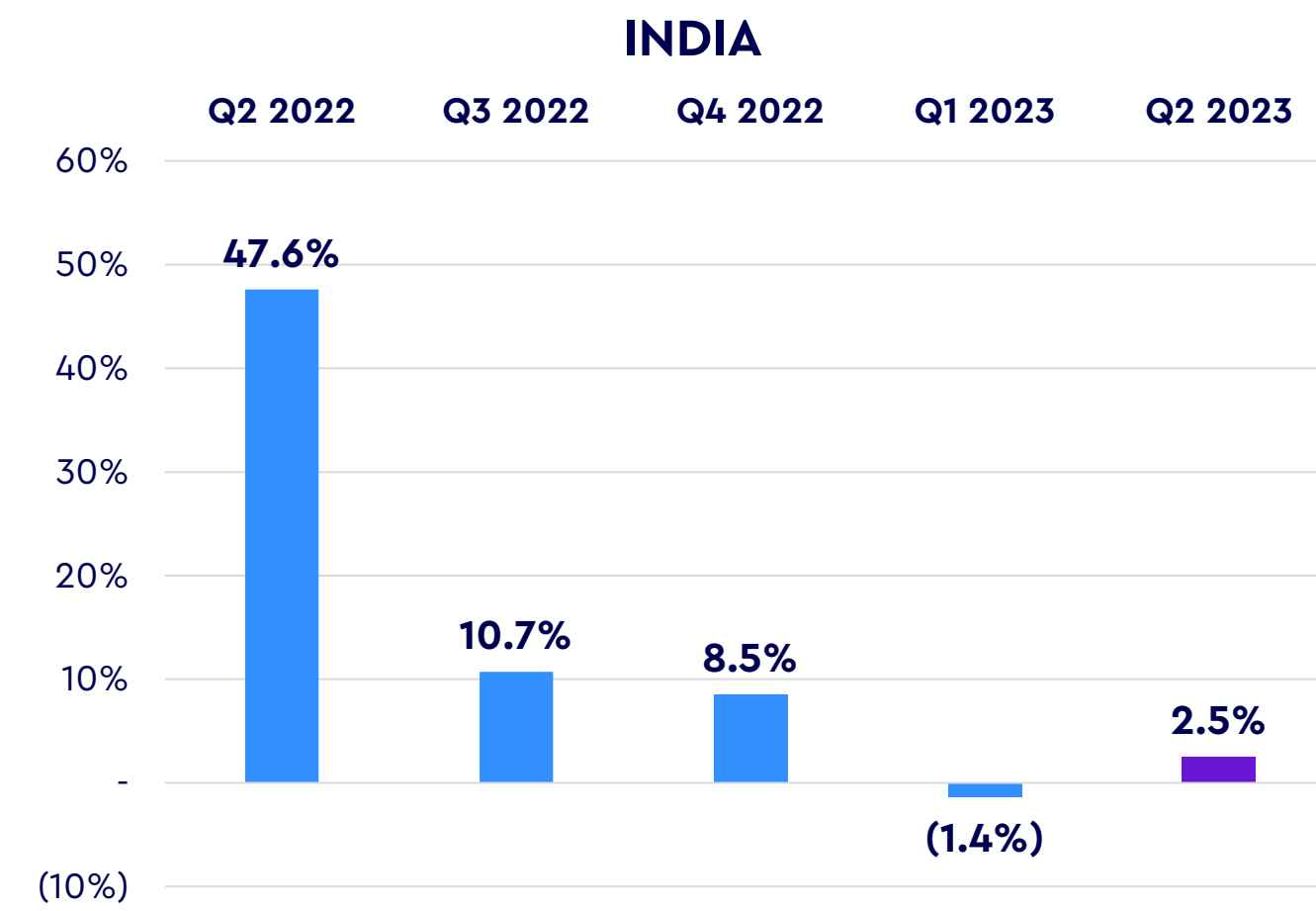
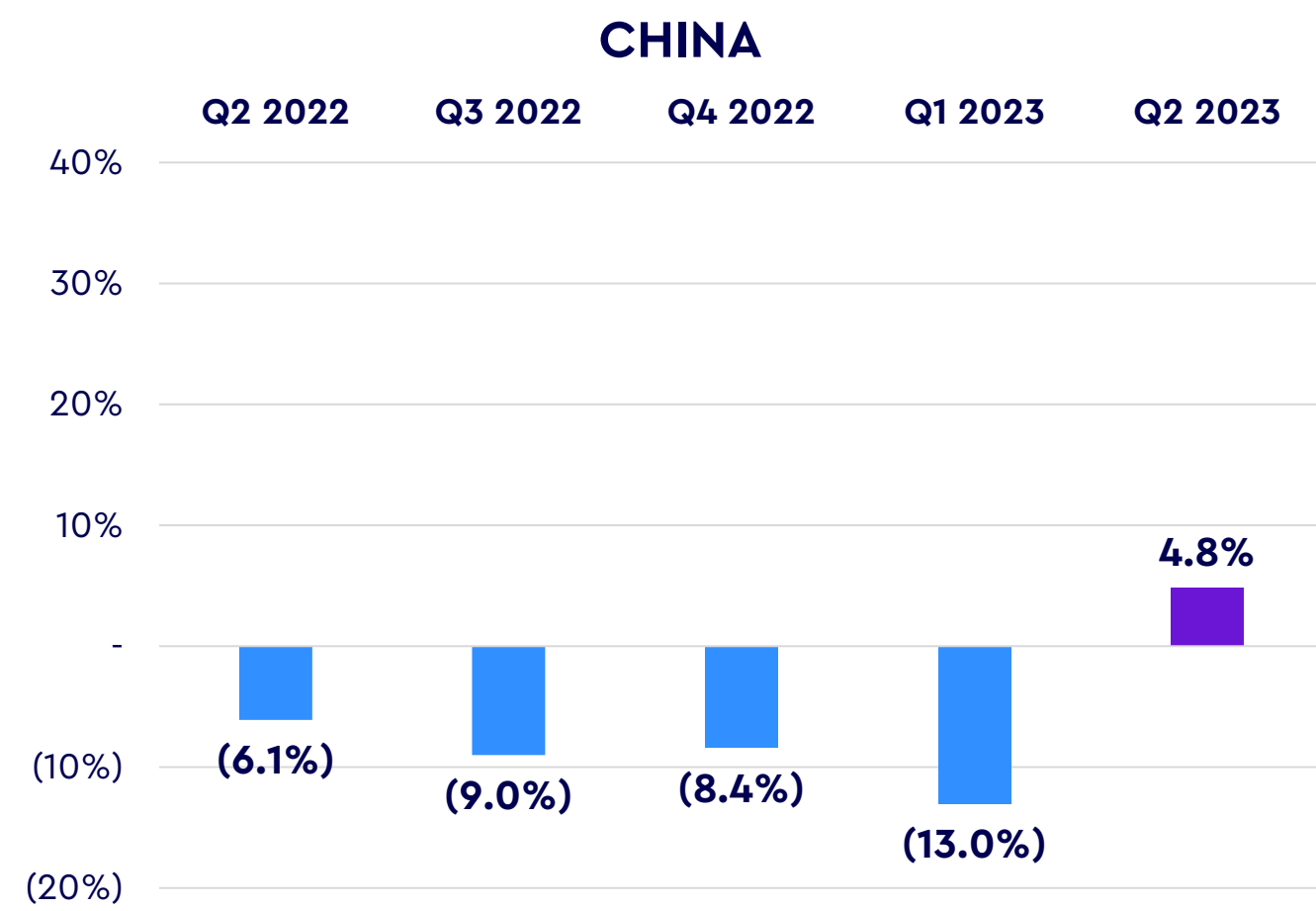
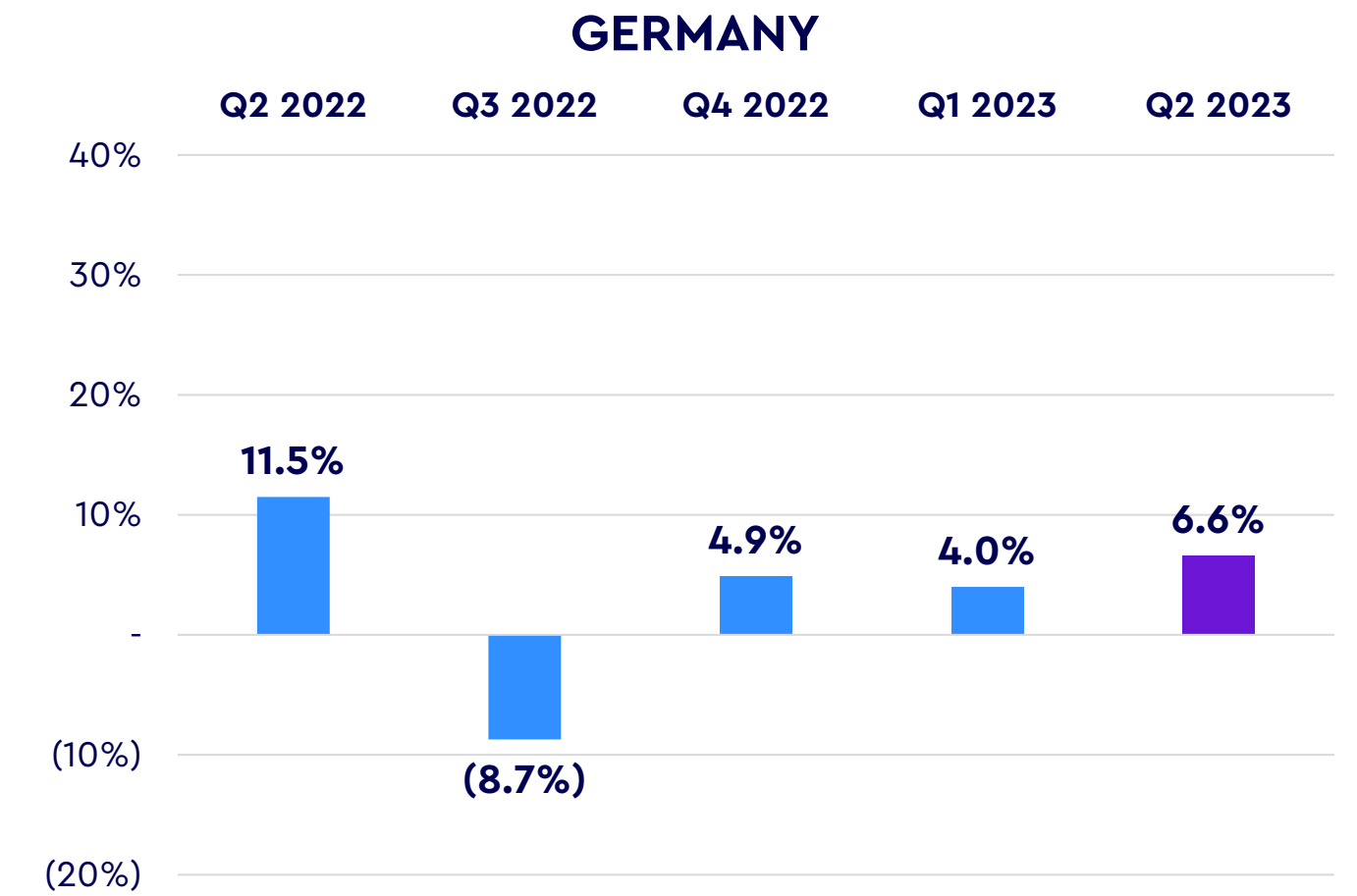
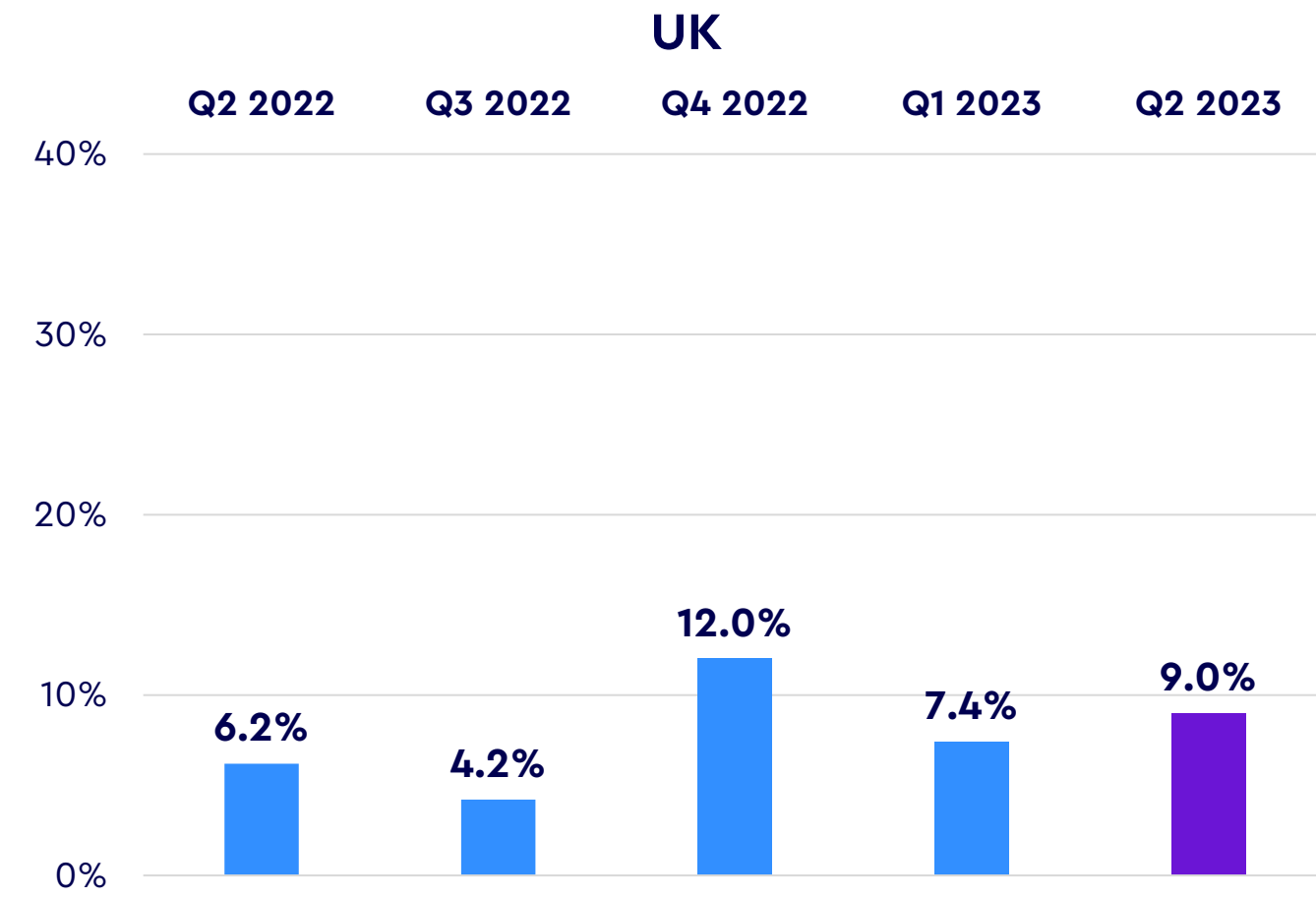
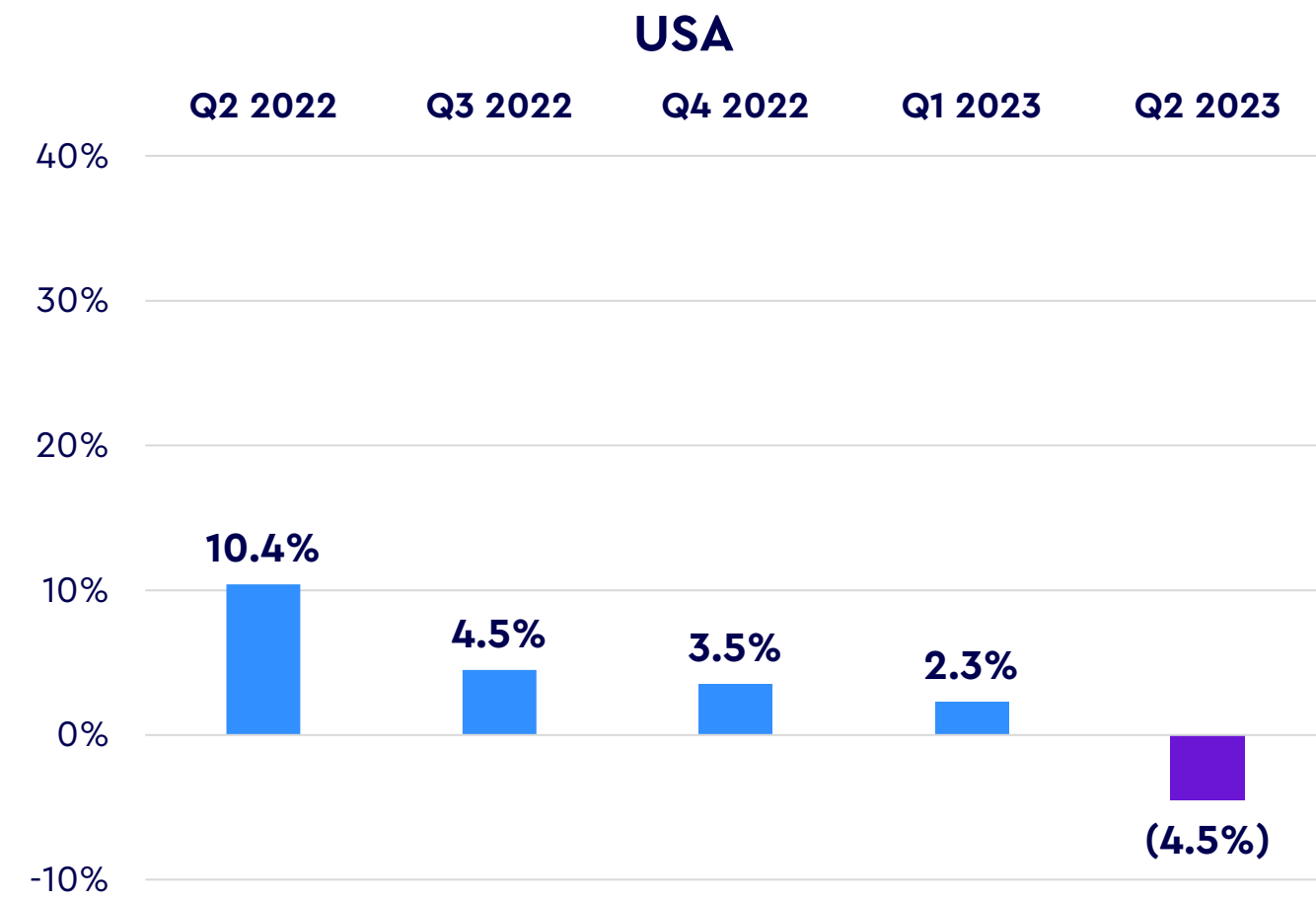
An AI version of Jennifer Lopez - designed to invite your friends and family to a celebratory voyage. [click here](#)

**VMLY&R**

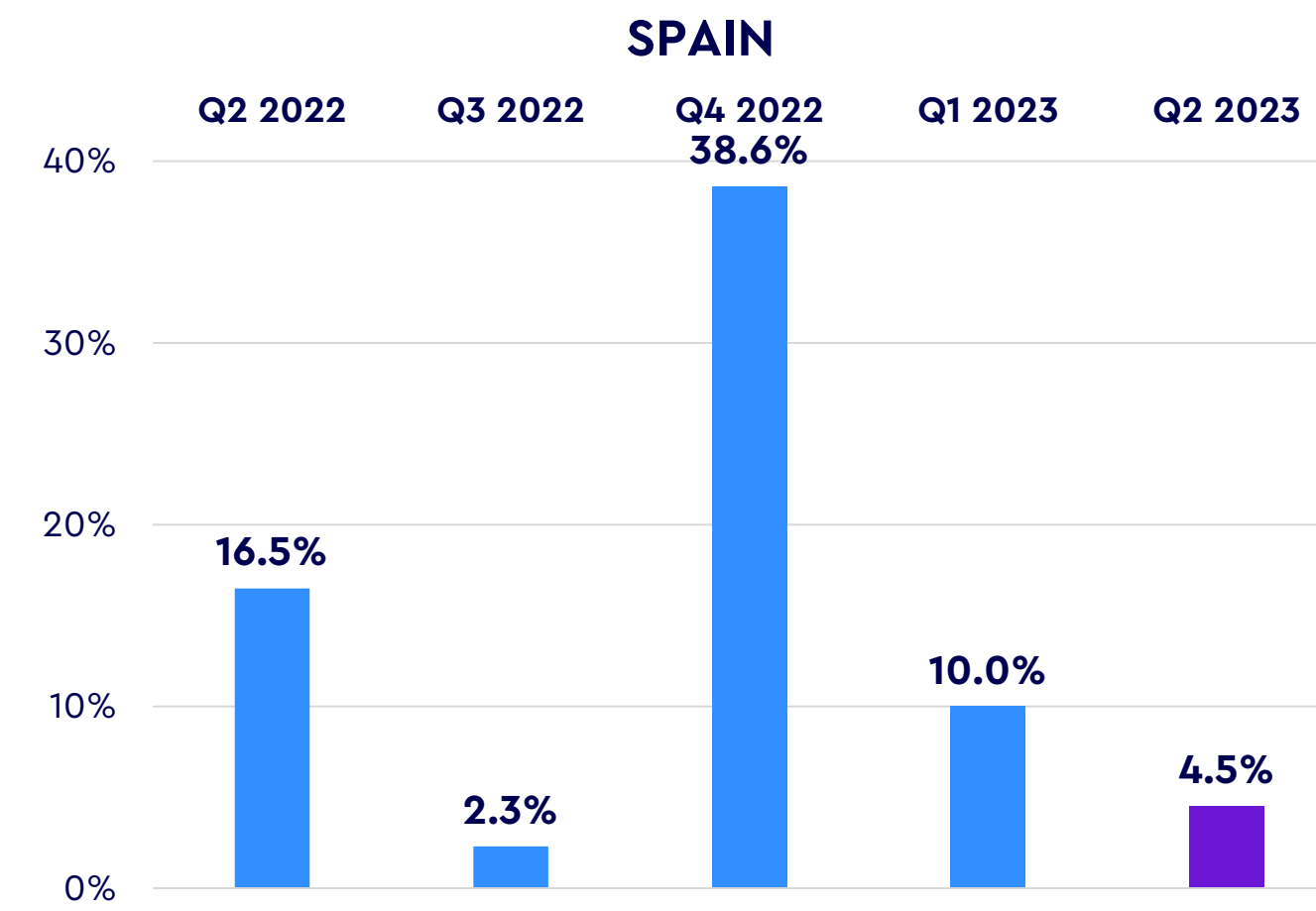
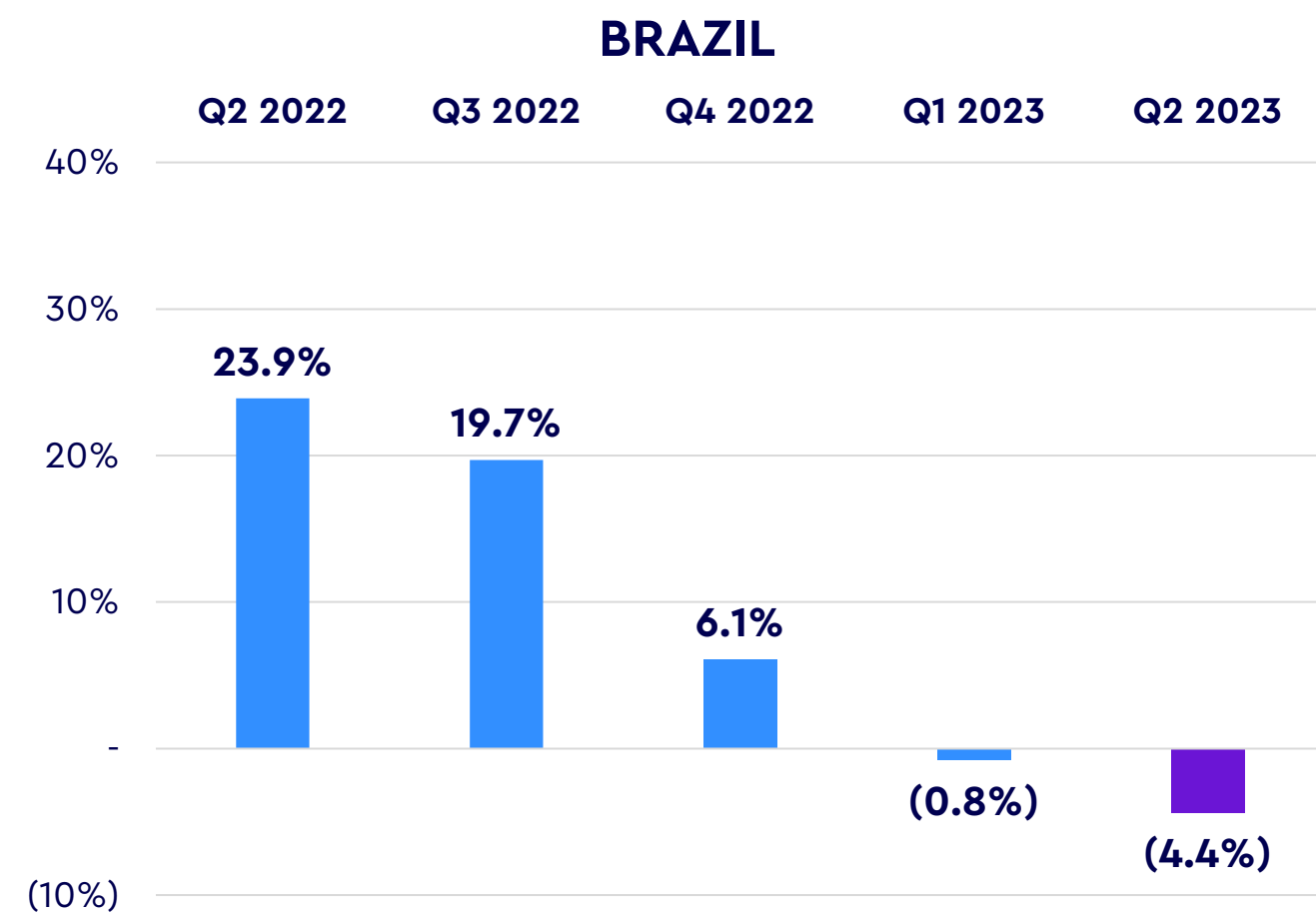
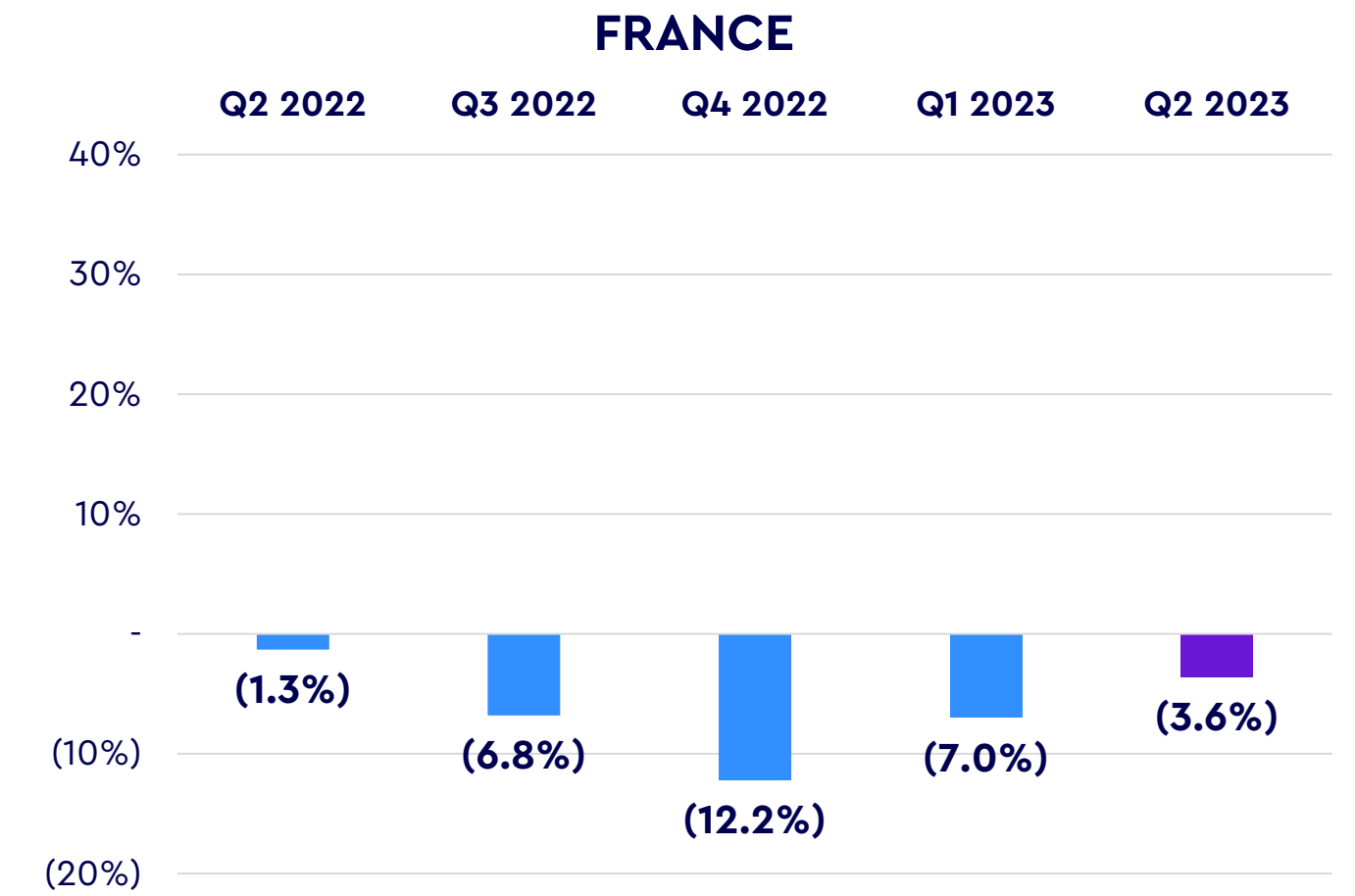
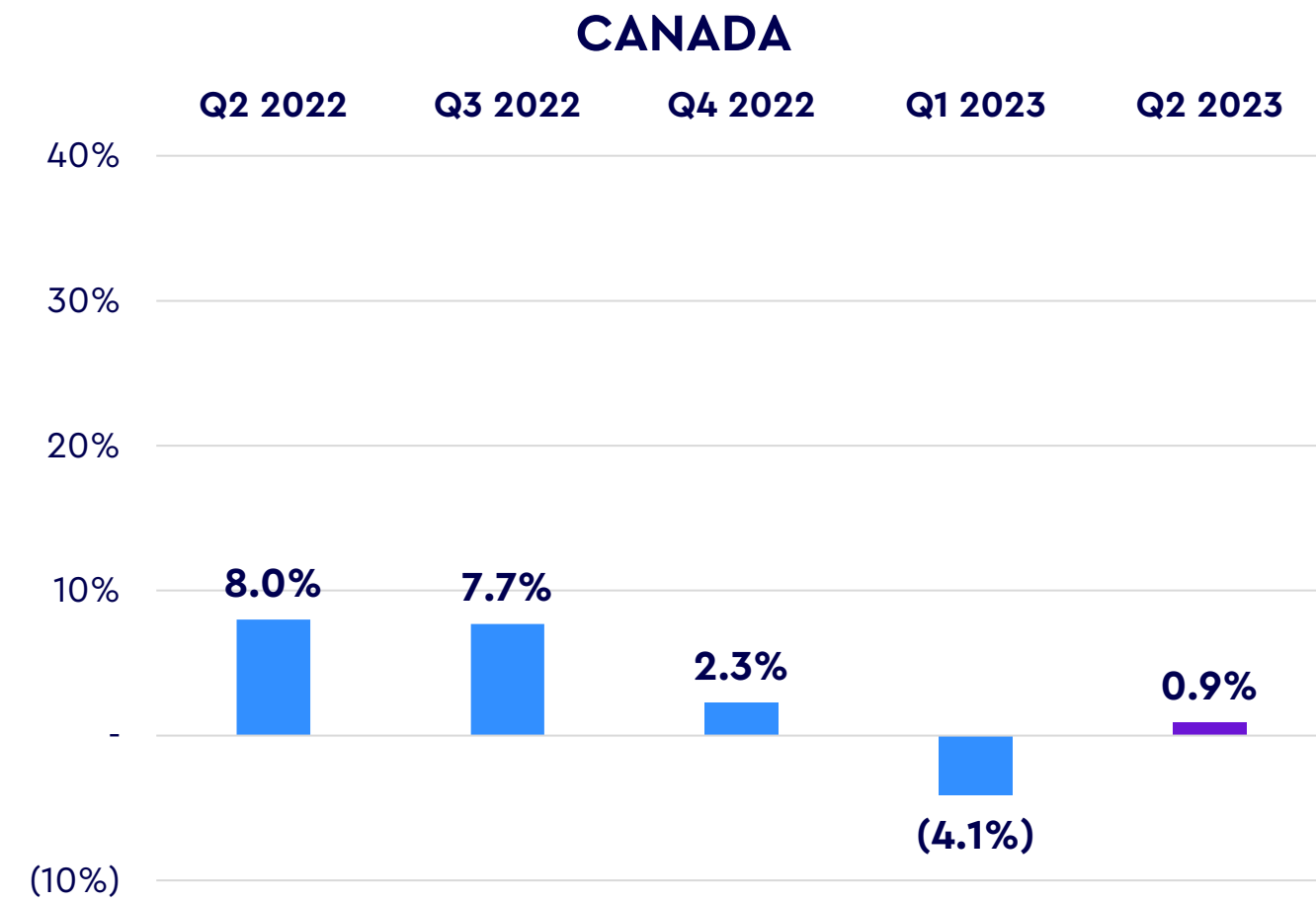
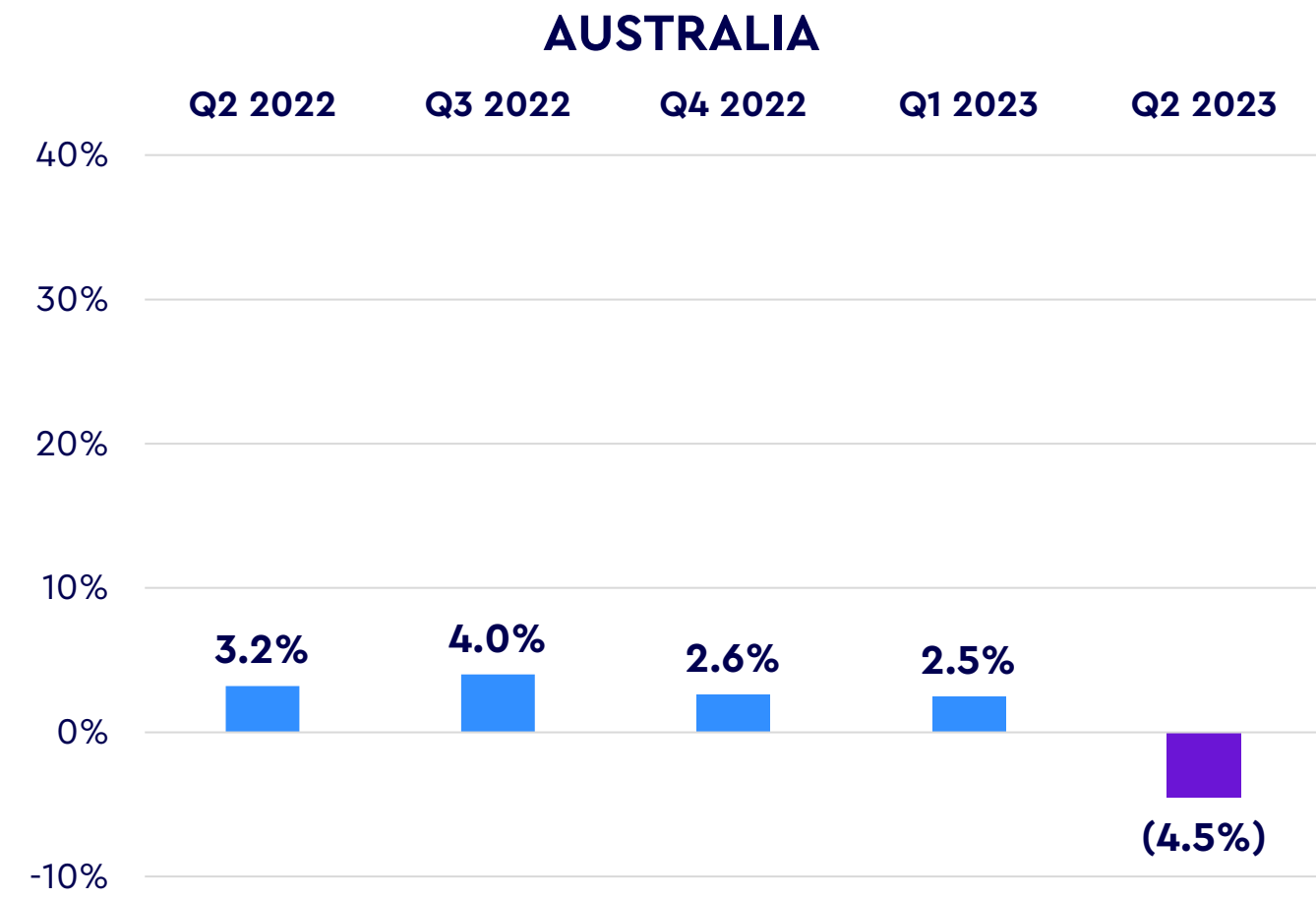
# REVENUE LESS PASS-THROUGH COSTS GROWTH BY REGION LIKE-FOR-LIKE %



# LIKE-FOR-LIKE REVENUE LESS PASS-THROUGH COSTS GROWTH TOP MARKETS



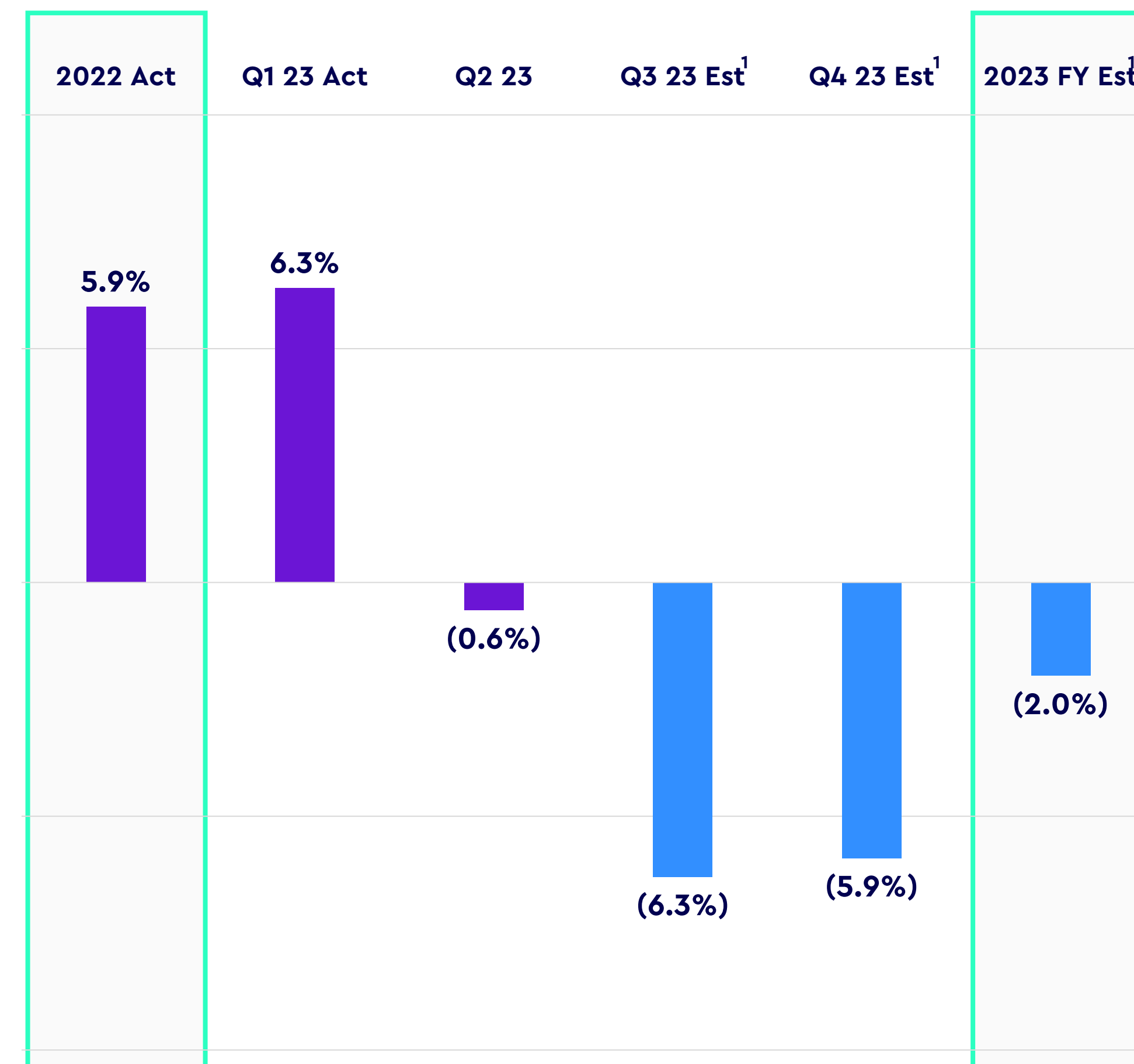
# LIKE-FOR-LIKE REVENUE LESS PASS-THROUGH COSTS GROWTH TOP MARKETS





# EXCHANGE RATE ANALYSIS

HALF YEAR TO 30 JUNE	2023	2022	STERLING (WEAKER)/STRONGER
US \$	1.23	1.30	(5%)
€	1.14	1.19	(4%)
Chinese Renminbi	8.55	8.41	2%
Indian Rupee	101.4	99.0	2%
Brazilian Real	6.25	6.60	(5%)
Australian \$	1.83	1.81	1%
Canadian \$	1.66	1.65	1%
Singapore \$	1.65	1.77	(7%)
Danish Krona	8.50	8.83	(4%)



1. Q3-Q4 uses exchange rates at 31<sup>st</sup> July 2023

# CHANGE IN HEADLINE<sup>1</sup> OPERATING MARGIN

	2023	2022		Δ
HALF YEAR TO 30 JUNE	£M	£M	£M	%
<b>Revenue less pass-through costs</b>	<b>5,811</b>	<b>5,509</b>	<b>302</b>	<b>5.5</b>
Staff costs pre incentives	(3,969)	(3,766)	(203)	(5.4)
Establishment	(272)	(263)	(9)	(3.6)
IT	(350)	(308)	(42)	(13.6)
Personal	(112)	(96)	(16)	(16.3)
Other operating expenses	(270)	(272)	2	1.0
<b>Operating expenses</b>	<b>(4,973)</b>	<b>(4,705)</b>	<b>(268)</b>	<b>(5.7)</b>
<b>Operating profit pre incentives</b>	<b>838</b>	<b>804</b>	<b>34</b>	<b>4.3</b>
Staff incentives	(172)	(165)	(7)	(4.7)
<b>Operating profit</b>	<b>666</b>	<b>639</b>	<b>27</b>	<b>4.3</b>
<b>Operating profit margin</b>				
Pre incentives	14.4%	14.6%	(0.2)pt	
Post incentives	11.5%	11.6%	(0.1)pt	

<sup>1</sup> Figures before goodwill and intangibles charges, gains/losses on step-ups, gains/losses on disposals of subsidiaries and investments, investment and other write-downs, share of exceptional gains/losses of associates, restructuring and transformation costs, restructuring costs in relation to COVID-19 and litigation settlements

# FREE CASH FLOW

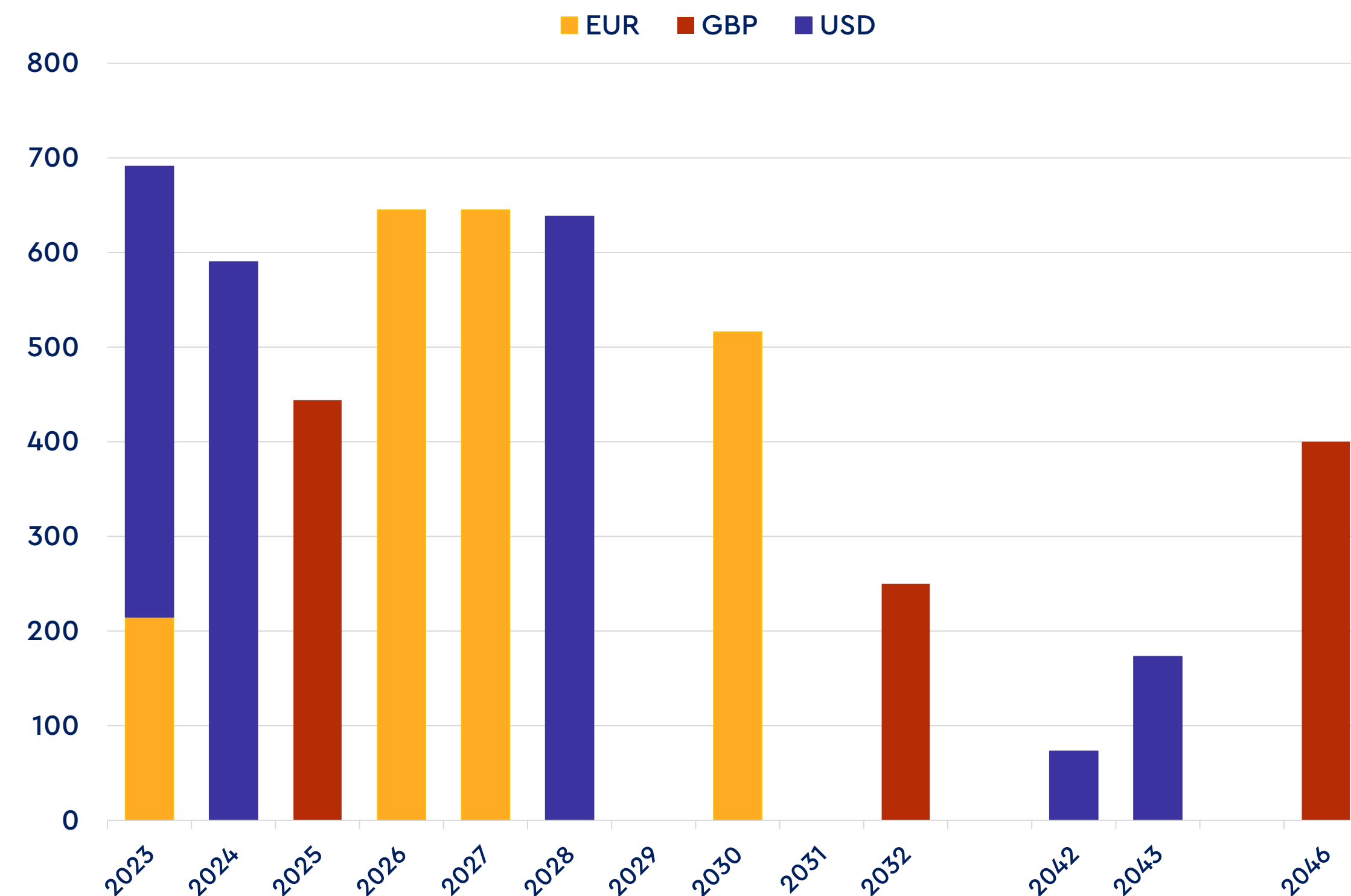
## HALF YEAR TO 30 JUNE

	2023 £M	2022 £M
<b>Operating profit</b>	<b>306</b>	<b>539</b>
Depreciation & amortisation charges	259	255
Investment and other impairment (reversals)/charges	204	8
Lease payments (including interest)	(184)	(190)
Non-cash compensation	76	67
Working capital, other receivables, payables and provisions	(1,045)	(1,741)
- Working capital	(522)	(1,015)
- Other receivables, payables and provisions	(523)	(726)
Net interest paid	(47)	(60)
Tax paid	(171)	(163)
Capital expenditure	(104)	(117)
Earnout payments	(12)	(63)
Other	(37)	(9)
<b>Free cash flow</b>	<b>(755)</b>	<b>(1,474)</b>

# DEBT MATURITY PROFILE

## AT JUNE 30, 2023 (£M)

	£ TOTAL CREDIT	£ TOTAL DRAWN
£ bonds £400m (2.875% Sep '46)	400	400
US bond \$220m (5.625% Nov '43)	173	178
US bond \$93m (5.125% Sep '42)	73	73
£ bonds £250m (3.75% May '32)	250	250
Eurobonds €600m (1.625% Mar '30)	516	516
Eurobonds €750m (4.125% May '28) <sup>1</sup> <span style="color: purple; font-weight: bold;">New</span>	638	638
Eurobonds €750m (2.375% May '27)	645	645
Eurobonds €750m (2.25% Sep '26)	645	645
Eurobond €500m (1.375% Mar '25)/£444m Swap <sup>2</sup>	444	444
US bond \$750m (3.75% Sep '24)	590	590
Eurobonds €750m (3.0% Nov '23) <sup>3</sup>	690	690
<b>Debt Facilities</b>	<b>5,064</b>	<b>5,064</b>
Other facilities	1,968	-
Net cash, overdrafts & other adjustments	-	(1,596)
<b>Total Borrowing Capacity / Net Debt</b>	<b>7,032</b>	<b>3,468</b>



WEIGHTED AVERAGE COUPON 3.25%  
 WEIGHTED AVERAGE MATURITY 5.8 YEARS  
 AVAILABLE LIQUIDITY £3,564M

Exchange Rates £/\$ 1.164, £/€ 1.270

1. Swapped to \$811m at 5.10%

2. Swapped to £444m at 2.61%

3. €500m swapped to \$604m at 4.03%

# LEVERAGE CALCULATION

12 months to end June 2023

Average adjusted net debt <sup>1</sup> (£m)	(3,378)
Headline EBITDA (including depreciation of right-of-use assets) (£m)	2,026
<b>Average adjusted net debt/Headline EBITDA</b> (including depreciation of right-of-use assets)	<b>1.67x</b>

1. Average adjusted net debt excludes lease liabilities

**THANK YOU**

**WPP**