

WPP

**Annual General
Meeting 2012**

WPP

Philip Lader
Chairman

WPP

**Annual General
Meeting 2012**



WPP

Sir Martin Sorrell
CEO, WPP

Strategic Priorities

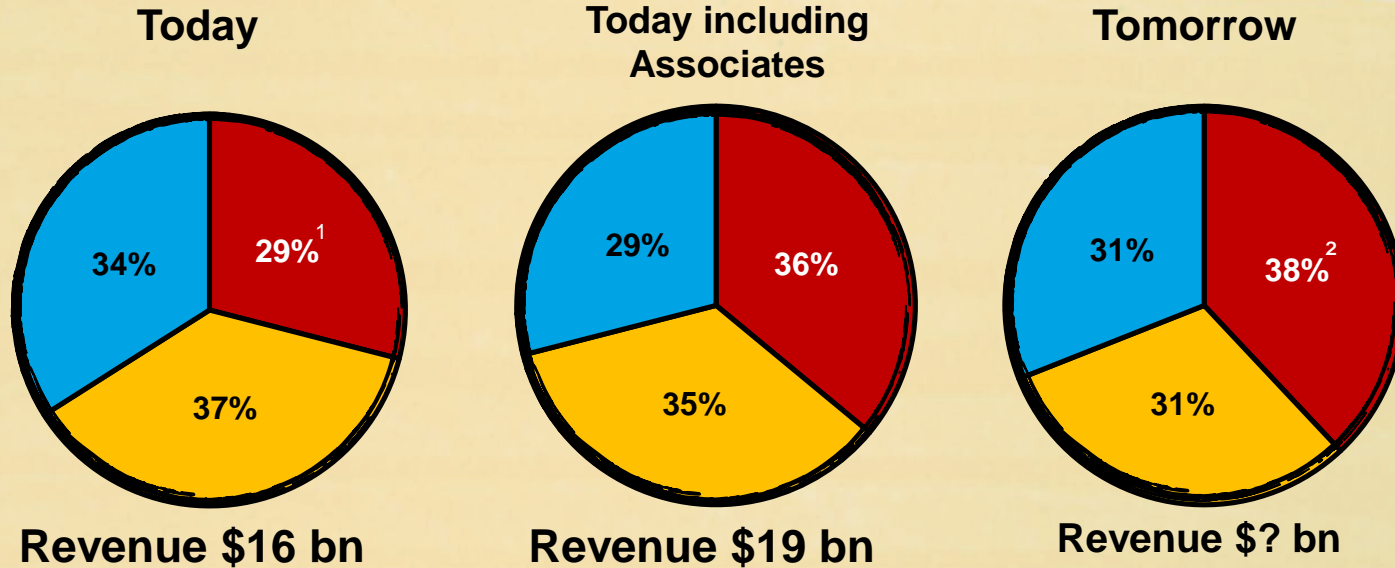
- Short term: to grow revenues and gross margin faster than the industry average and deliver margin objective by managing absolute levels of costs.
- Long term: to continue to develop our business;
 - in new markets
 - in new media
 - in consumer insight, including data analytics and the application of new technology
 - through “horizontality”

Key Priorities, Objectives and Strategy

- Faster growing markets now to be over one third of total Group (35% - 40%).
- New media now to be over one third of total Group (35% - 40%).
- Quantitative disciplines including consumer insight to be over one half of total Group, with focus on digital and consumer insight, data analytics and new technology.

Key Priorities, Objectives and Strategy

Faster Growing Markets to be 35% - 40% of Total Group



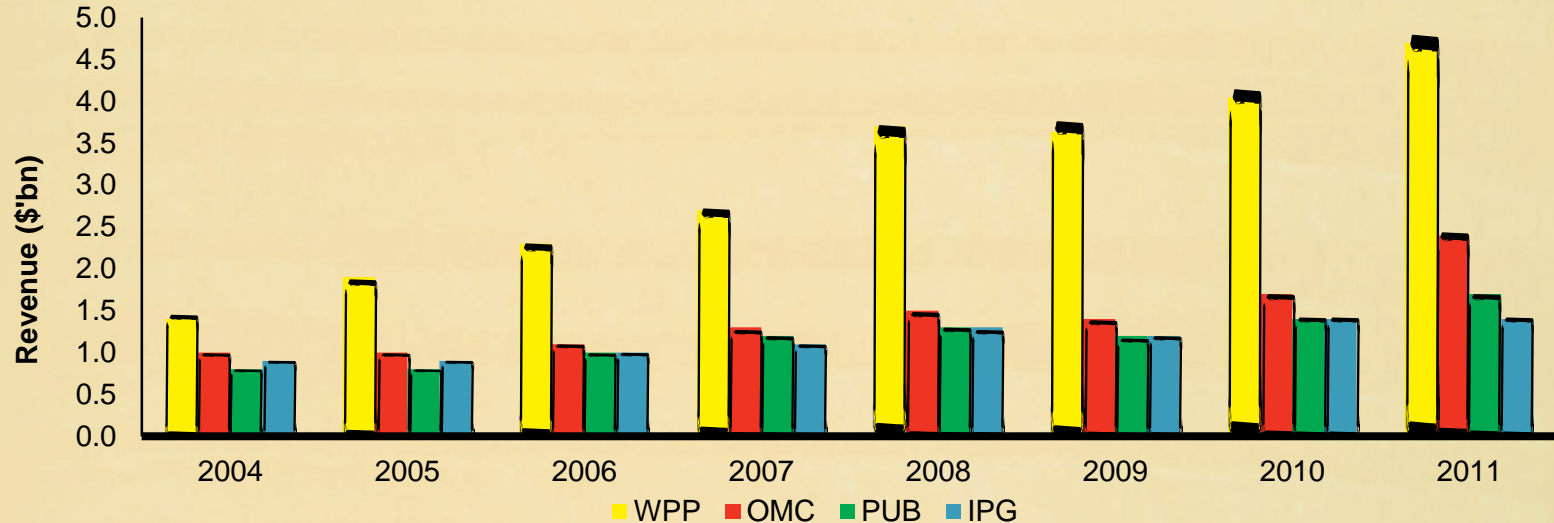
- North America
- UK & Western Continental Europe
- Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe¹

¹ 29% today up 6% since 2006

² Being mid-range of 35% - 40% target for faster growing markets

Key Priorities, Objectives and Strategy

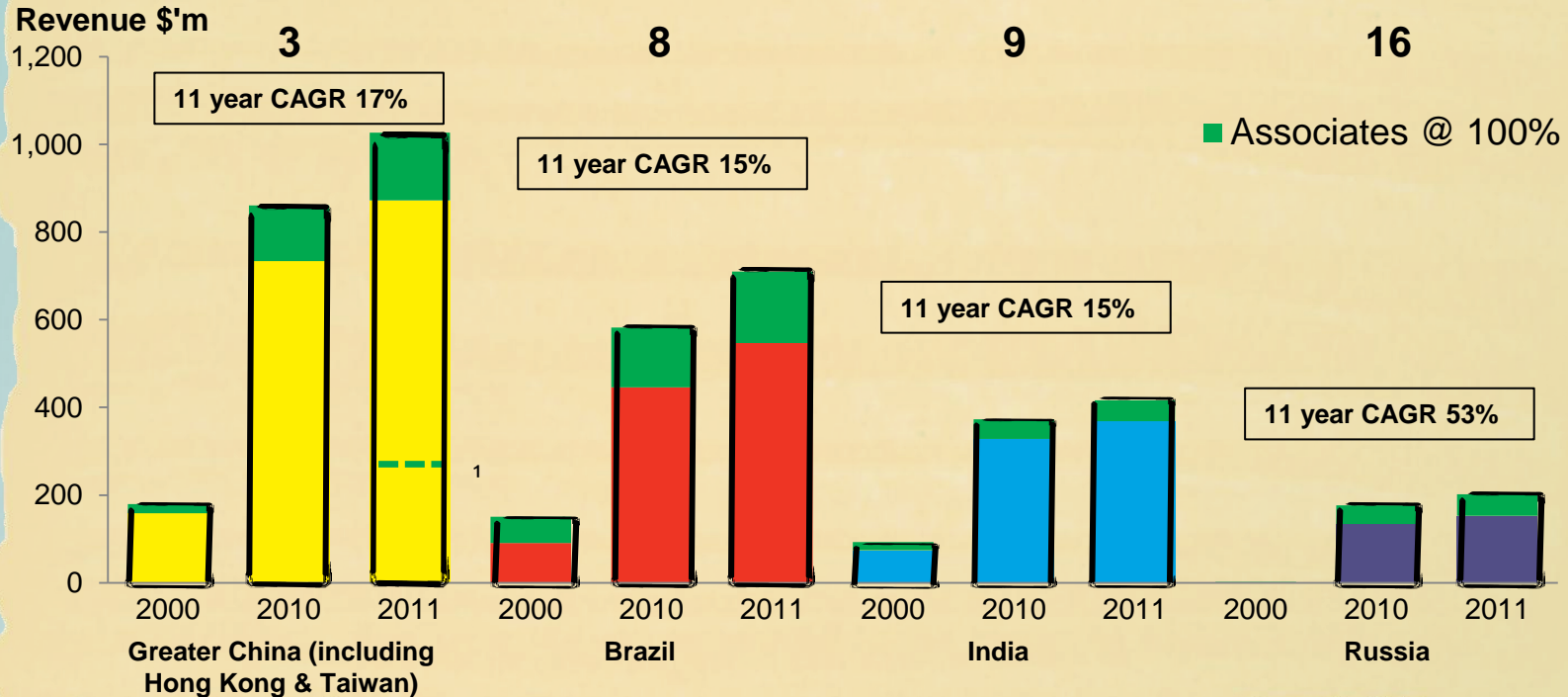
Revenues in Faster Growing Markets 2004-2011



1. WPP reportable US\$'s per WPP results and peer \$ revenue as shown in annual results presentations
2. Peer data sourced from annual results translated at average exchange rate for the year (IPG, Publicis and Omnicom)
3. OMC Assumes "non-Euro currency" Europe, ie Switzerland, Turkey, Norway, Denmark, Sweden and Eastern Europe are 3% of revenue and Canada 1.5%

Key Priorities, Objectives and Strategy

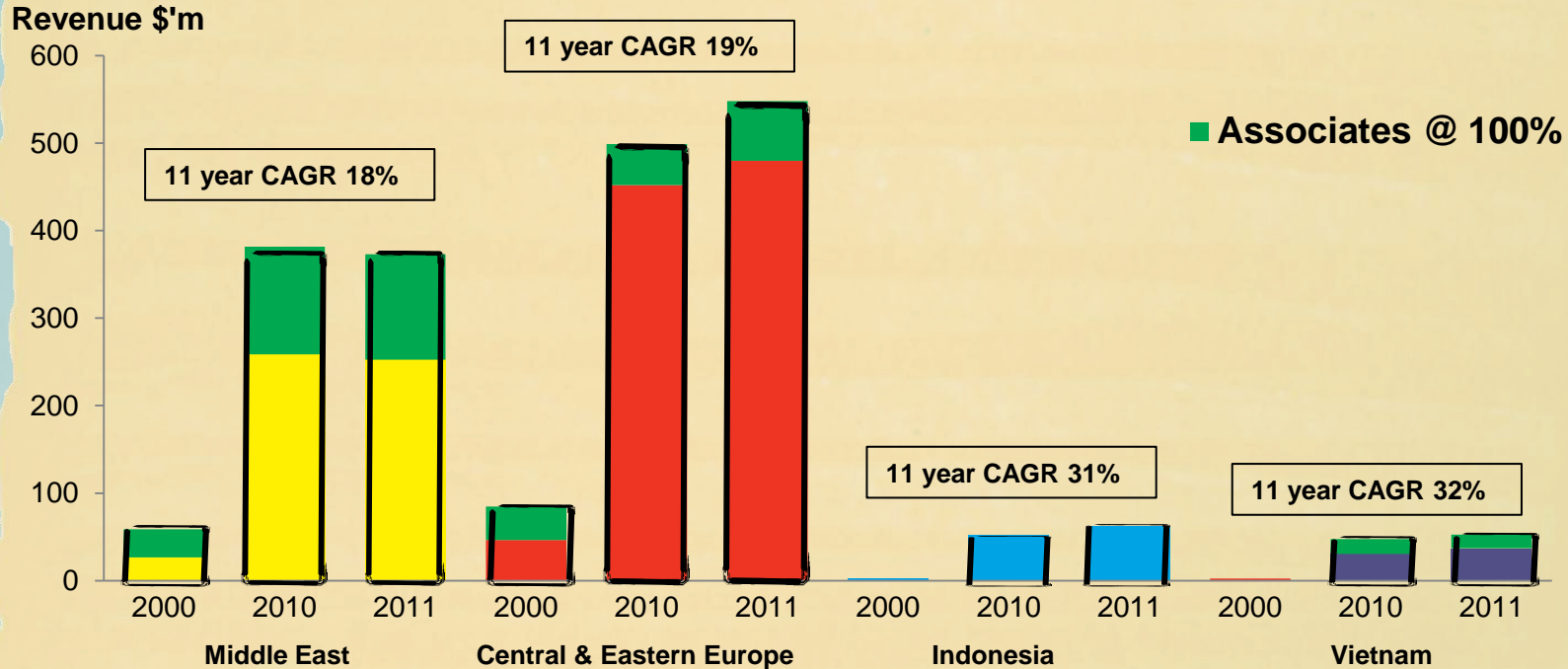
WPP's Performance Strong in BRIC Markets – 3rd Largest “Country”



¹ Nearest competitor according to Wall Street Journal 15 February 2012 edition.

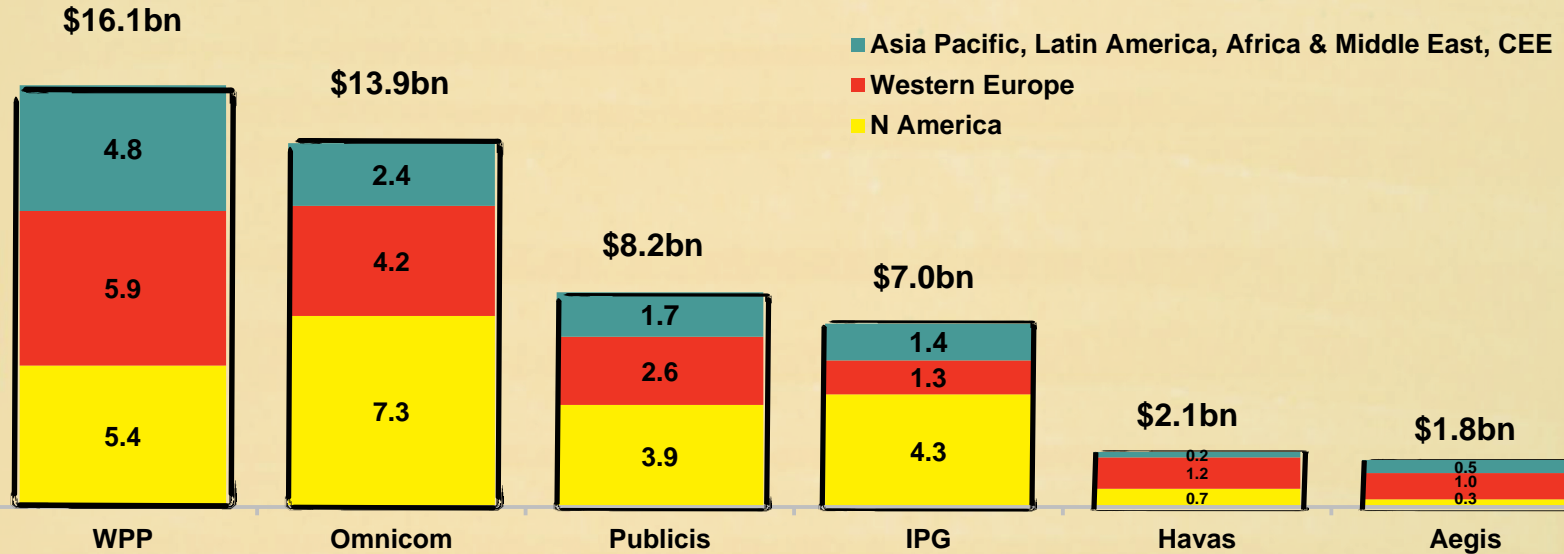
Key Priorities, Objectives and Strategy

WPP's Performance Strong in Other Faster Growing Markets



Key Priorities, Objectives and Strategy

2011 Revenue by Geography



¹ Source: WPP – reportable US \$'s per WPP preliminary results. Omnicom, IPG, Publicis and Havas - company presentations for 2011 with CEE estimated at 3%.

² FX. Havas and Publicis assumes \$1=€0.75 based on the average for 2011

³ OMC. Assumes "non Euro currency" Europe, ie Switzerland, Turkey, Norway, Denmark, Sweden are ca 3% of revenue and Canada is 1.5% of revenue

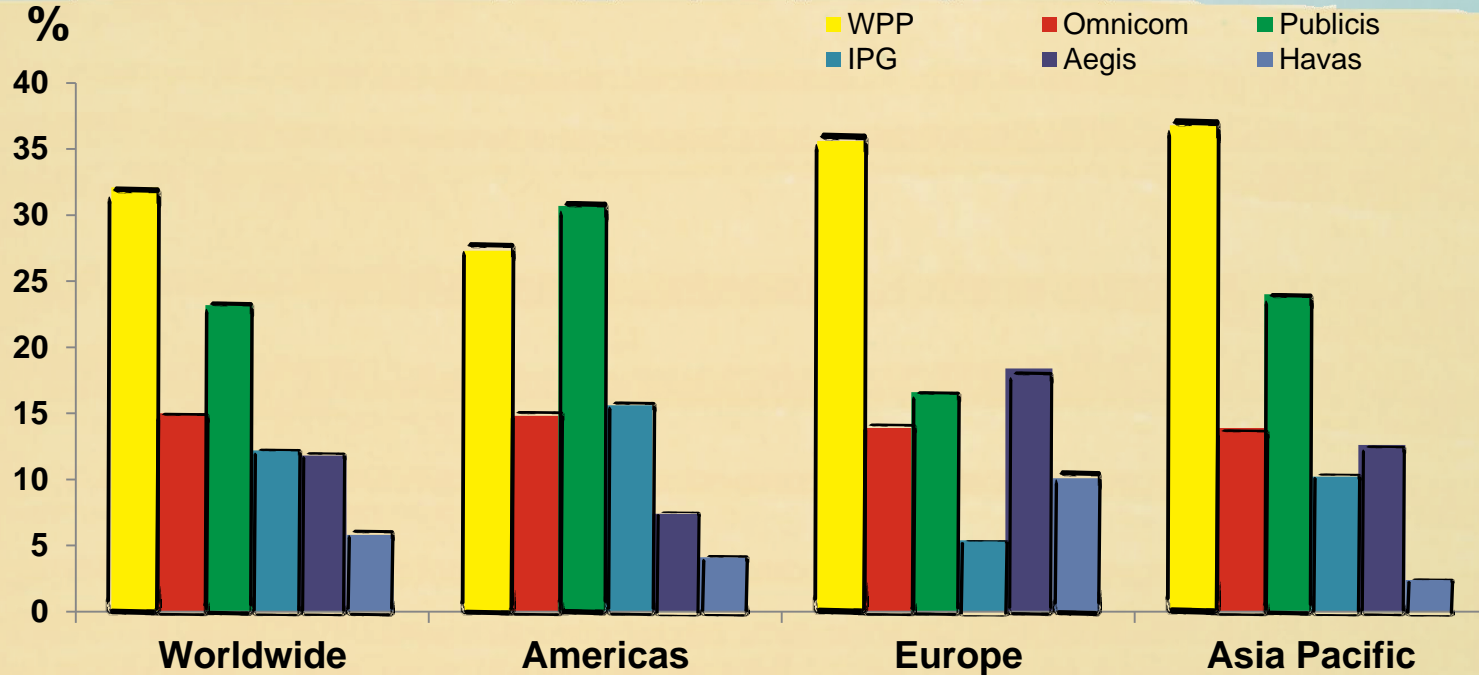
⁴ IPG. Assumes Canada is ca 1.5% of revenue ⁵Rest of World, Asia Pacific, Latin America, Middle East and Africa

⁶ Aegis. Based on analysts' estimated revenue at '10 splits (excluding marketing services due to sale of business)

Key Priorities, Objectives and Strategy

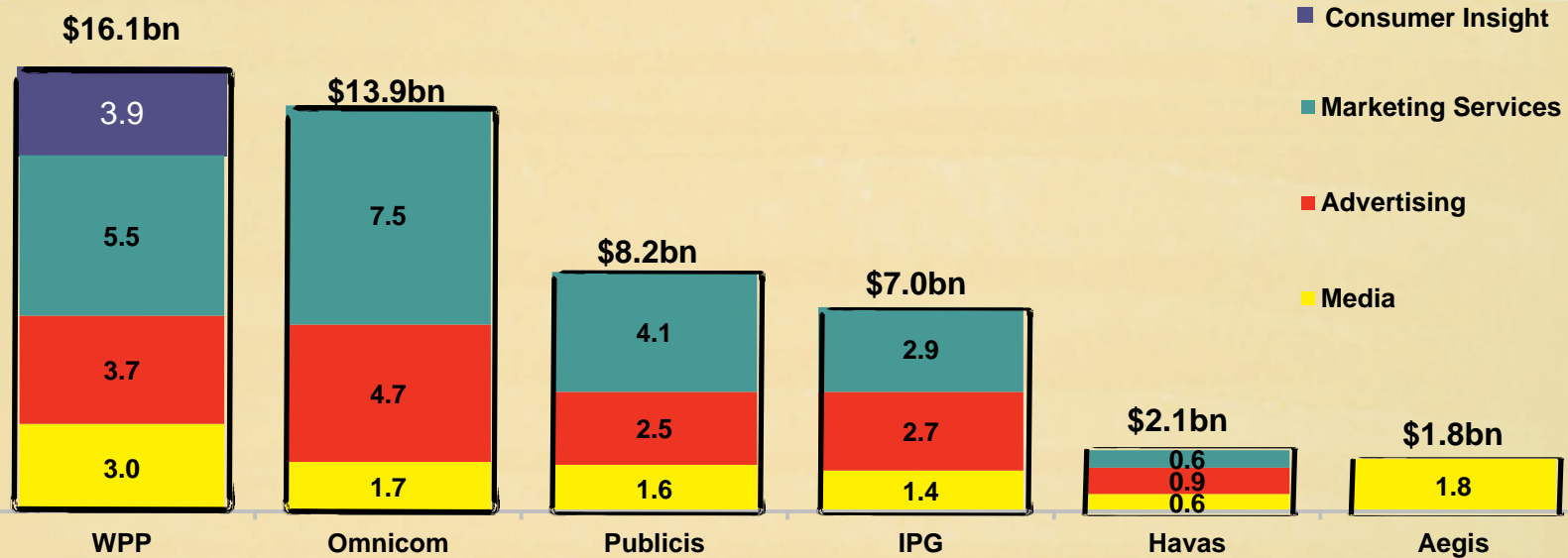
Media Billings by Geography

Worldwide Ranking by Group as % of the Six Groups



Key Priorities, Objectives and Strategy

2011 Revenue by Discipline



Source: ¹ WPP reportable US \$'s per WPP preliminary results

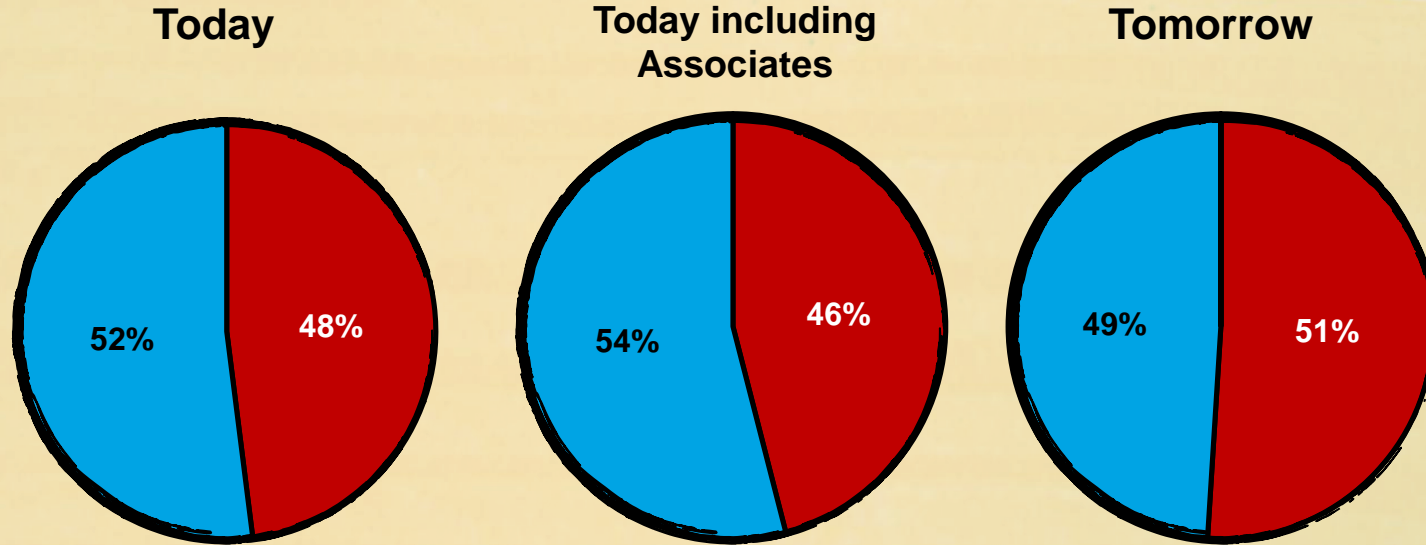
² 2011 company disclosures except: Aegis '11 consensus estimate revenue at '10 splits excluding marketing services due to business sale, Havas, and IPG media splits analyst estimates

³ FX. Havas and Publicis assumes \$1=€0.75 based on the average for 2011

⁴ Omnicom's \$7.5bn of Marketing Services revenue includes food broking, barter, SELLBYTEL and consumer insight operations

Key Priorities, Objectives and Strategy

Quantitative Disciplines to be over One Half of Total Group



- Advertising, Media Investment Management & Other Marketing Services
- Consumer Insight and Direct, Digital & Interactive

Strategic Objectives

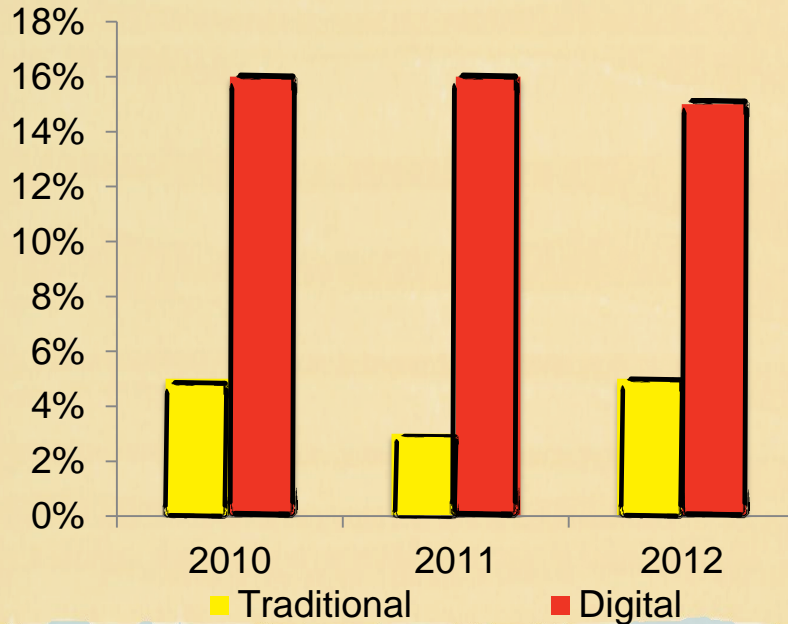
Digital Strategy

- Invest in expansion of the networks and our Kantar Media and GroupM specialist services.
- Use proprietary technology linked with industry partnerships to improve client campaign effectiveness.
- Invest in new products to offer specialist services in retail marketing and DSPs and in measurement of effectiveness on the web.
- Proprietary platform allows WPP to manage its proprietary data and interface with the changing industry landscape.

The Digital Opportunity

Today - 17% of Ad Spend

Growth in Global Ad Spend



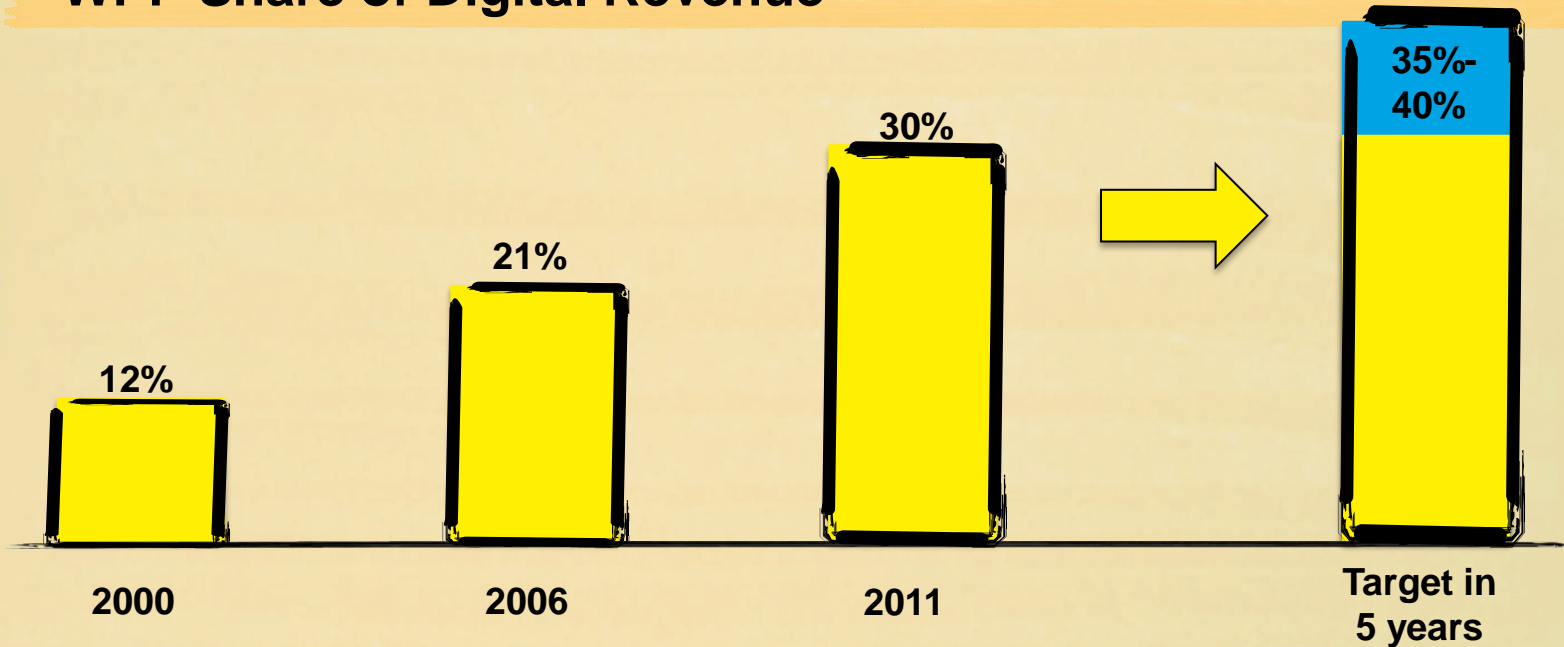
Key Areas of Client Focus

- Search and display media, particularly audience buying.
- Mobile for next 4 billion consumers.
- Social media – 25% of time on Facebook, Twitter, blogs, etc.
- e-commerce for all categories from auto to fmcg.

Delivering Results

Today - 30% of WPP Revenues

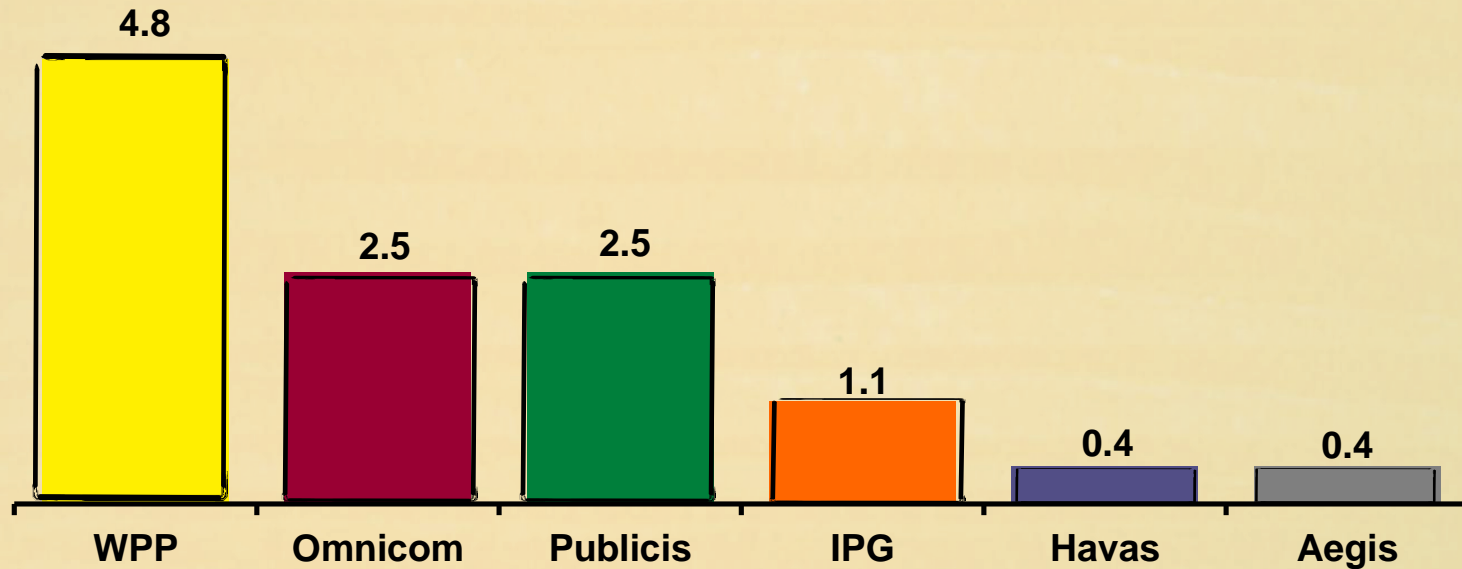
WPP Share of Digital Revenue



Digital In All Our Businesses

Global Scale and Quality

Digital Revenues (\$billion – 2011 Full Year)



¹ Peer digital revenue \$bn according to Ad Age %'s applied to FY US\$ revenue.

WPP's Digital Strategy

1. Digital Everywhere

- Invest in digital in all of our businesses through training, recruitment, acquisitions, etc.

2. Specialist Digital Expertise

- Develop new services beyond traditional advertising, e.g, web development, DSPs, mobile, social, eCommerce and eShopper, etc.

3. Data and Technology

- Establish a proprietary technology platform – based on own and licensed technologies.
- Invest in ability to control and use data for WPP and client benefit.

4. Partner with digital leaders

- Build strong partnerships with leaders such as Microsoft, Google, Facebook, Apple, Twitter.

Key Priorities, Objectives and Strategy

Digital Businesses – Two Major Global Networks

	Revenue \$'m 2011
	950 ¹
	900 ¹
	300 ¹
  	300 ^{1,2}
	100 ¹
	125 ¹

¹ In WPP Direct, Digital and Interactive Networks

² In GroupM Digital

WPP's Global Digital Networks

Dominant position in BRIC Markets

Revenue \$50m

Russia ~450

actis[®] wunderman



Revenue \$170m

Brazil ~1300

wunderman Fbiz



OgilvyOne worldwide



Revenue \$50m

India ~1200

wunderman



OgilvyOne worldwide



Revenue \$140m

China ~2000

wunderman

OgilvyOne worldwide



AGENDA



Key Priorities, Objectives & Strategy

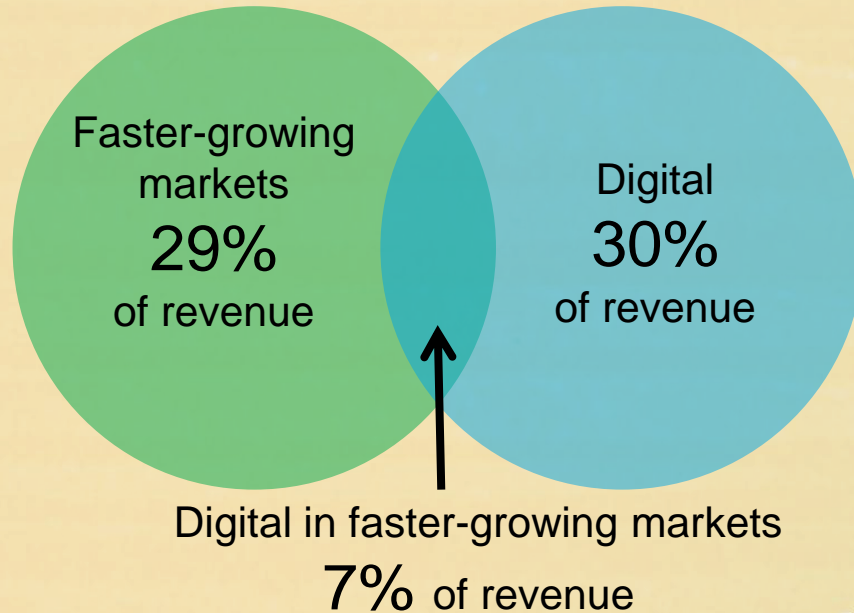
WPP Position in Direct, Digital and Interactive

	Revenue \$'m
Direct, Digital and Interactive Networks (OgilvyOne, Wunderman, G2 and WPP Digital)	2,615
% of Group revenue	17%
Specialist Direct, Digital and Interactive resources:	
- Consumer Insight (Millward Brown, TNS and Lightspeed)	1,026
- GroupM	518
- Other	615
Total 2011	4,774
% of Group revenue	30%
Total 2010 Proforma	4,384
% of Group revenue	29%

Digital and Faster Growing Markets

Long-Term Growth Drivers

Overall 52% of 2011 Revenue



Key Priorities, Objectives & Strategy

We Continue to Focus on Our Key Objectives

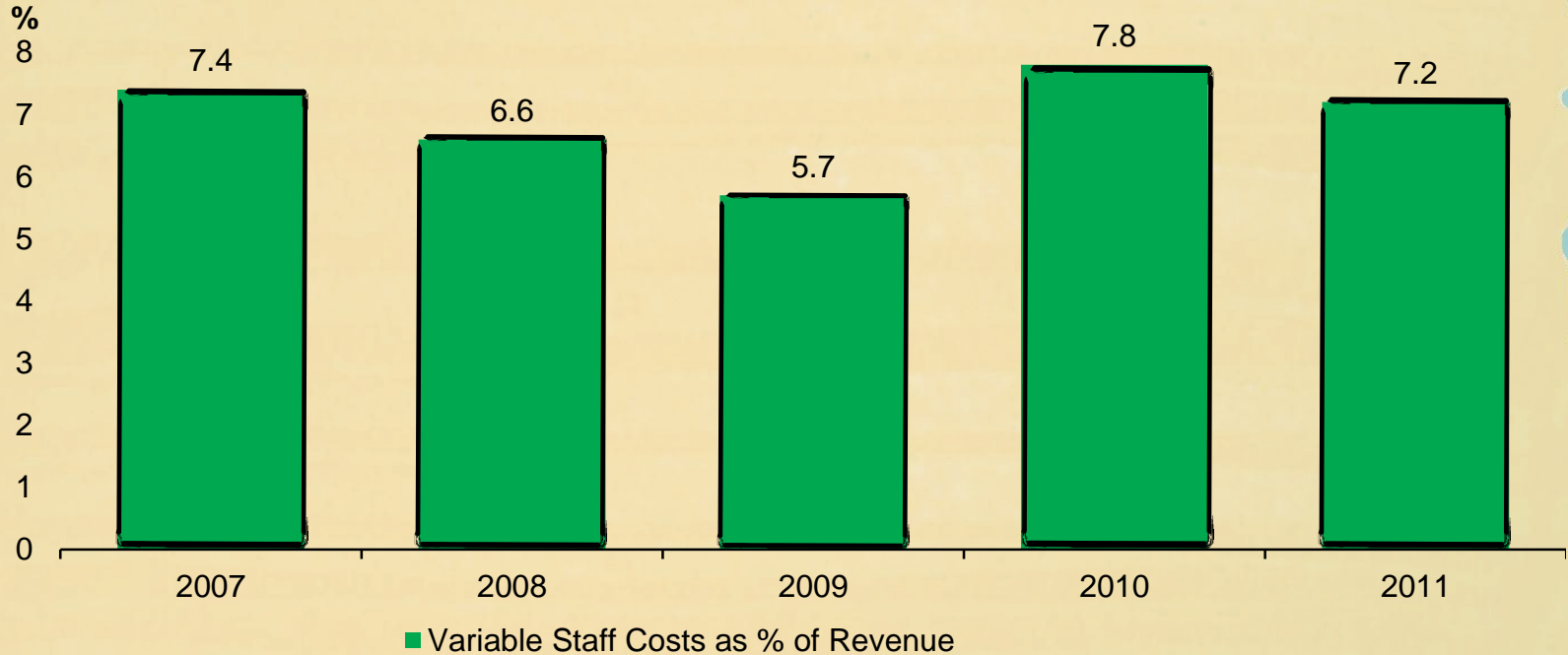
- Improving operating margins.
- Increasing flexibility in cost base.
- Using free cash flow to enhance share owner value, and improve return on capital employed.
- Developing role of parent company.
- Emphasising revenue growth more as margins improve.
- Improving creative capabilities and reputation of all our businesses.

Increasing flexibility in Cost Base

- We continue to focus on a more flexible cost structure in three key areas;
 - Staff c. 57% of revenue
 - Property c. 8% of revenue
 - Bought-in services c. 21% of revenue
- Increased flexibility in all areas important to combat any economic slowdown.

Key Priorities, Objectives & Strategy

Flexibility in Cost Base
Change in Variable Staff Costs

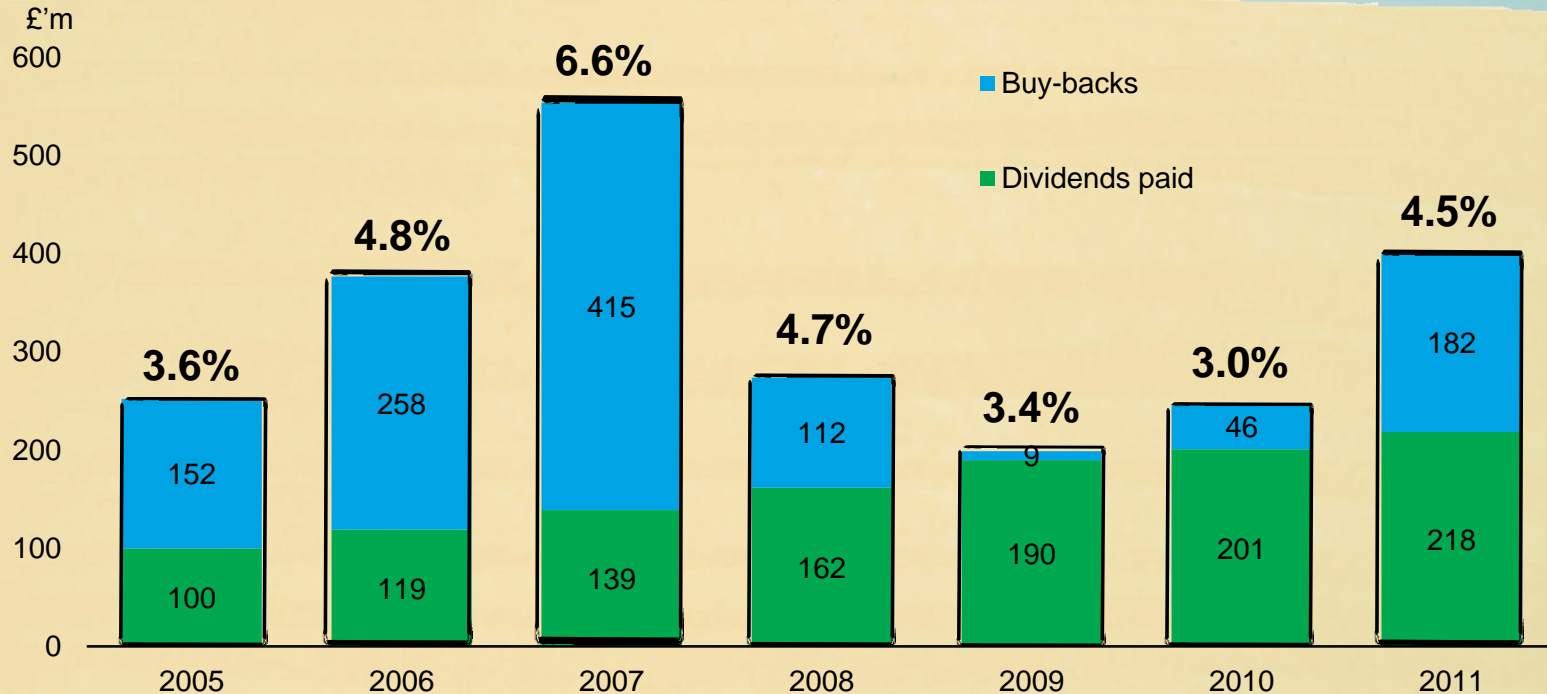


Using Free Cash Flow to Enhance Share Owner Value - Acquisitions

- Significant pipeline of reasonably priced small and medium size potential acquisitions.
- Continue to focus on faster growing geographical areas and on marketing services, particularly direct, digital & interactive and consumer insight.
- During 2011, 38 small and medium size acquisitions, and 10 investments, were completed in executing this strategy.
- Acquisitions in advertising used to address specific client or local agency needs.
- Continue to find opportunities at earnings enhancing multiples, particularly outside US in digital and outside Brazil and China.

Key Priorities, Objectives & Strategy

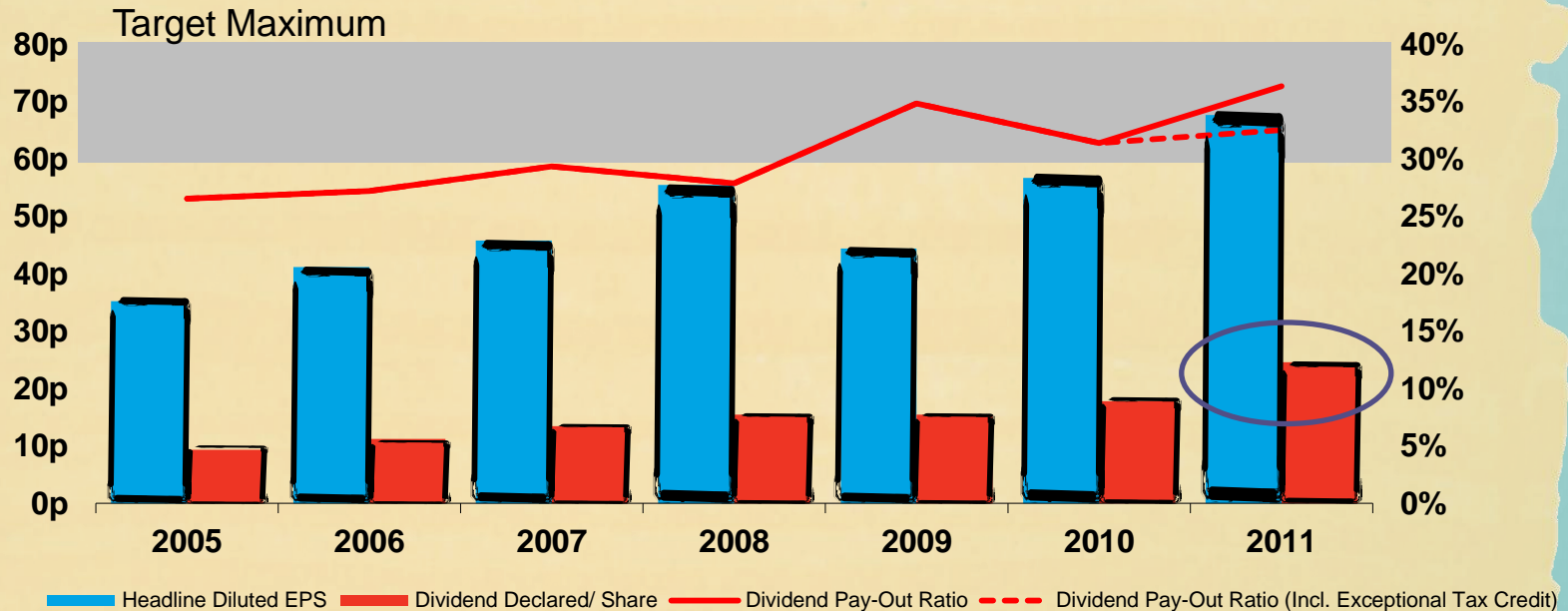
Using Free Cashflow to Enhance Share Owner Value
Distributions to Share Owners¹



¹ Sum of share buy-backs and dividends paid divided by average shares in issue for the relevant period, as a % of the average share price for the relevant period

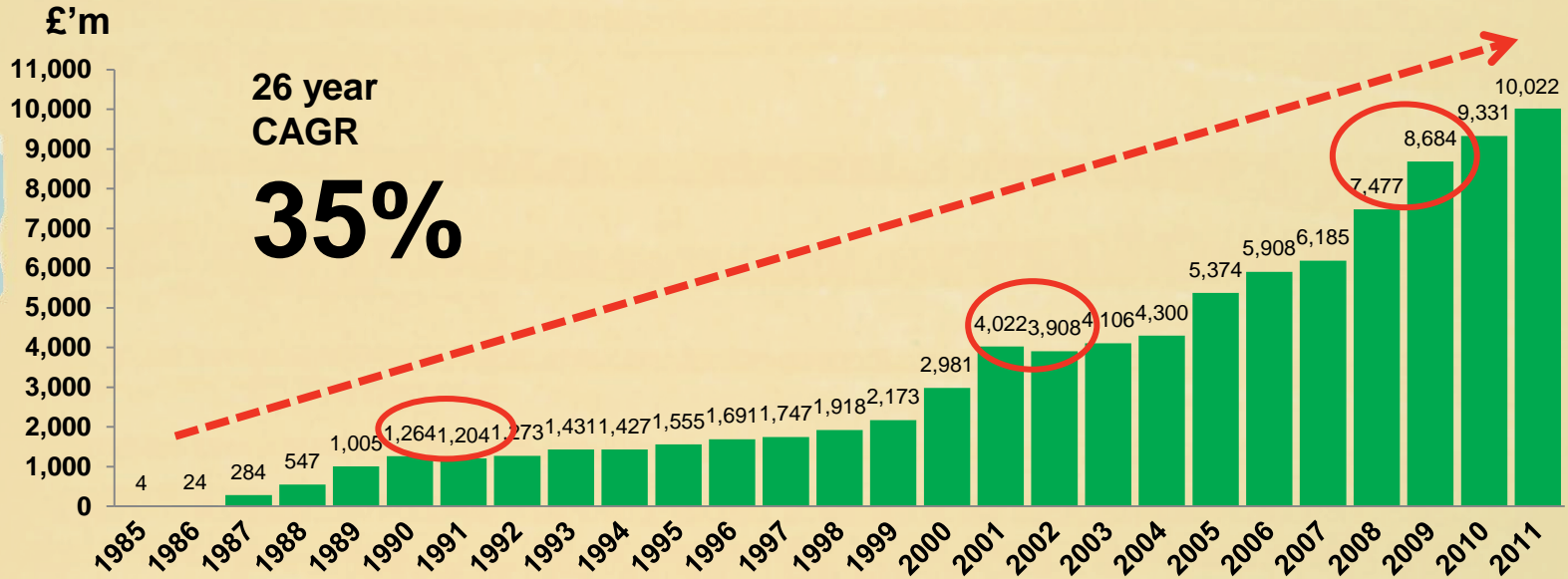
Key Priorities, Objectives and Strategy

Dividend Pay-Out Ratio



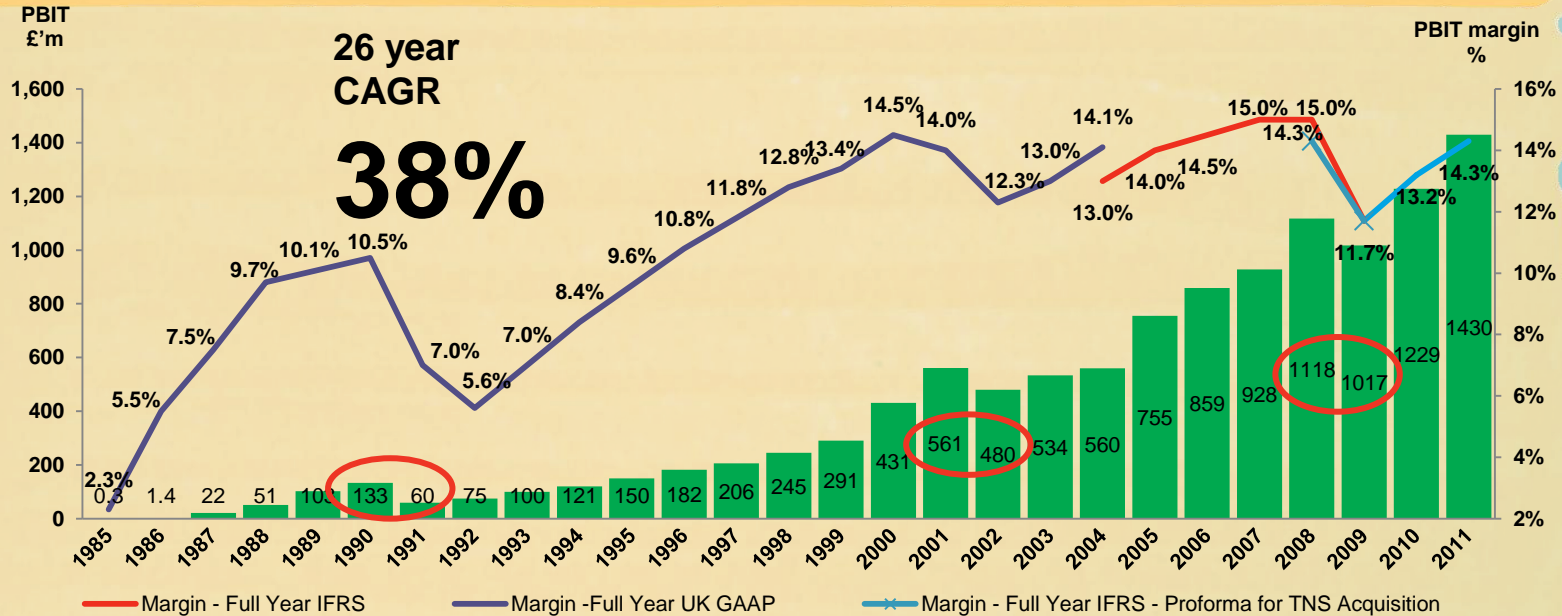
26 Year History

WPP Reported Revenue



26 Year History

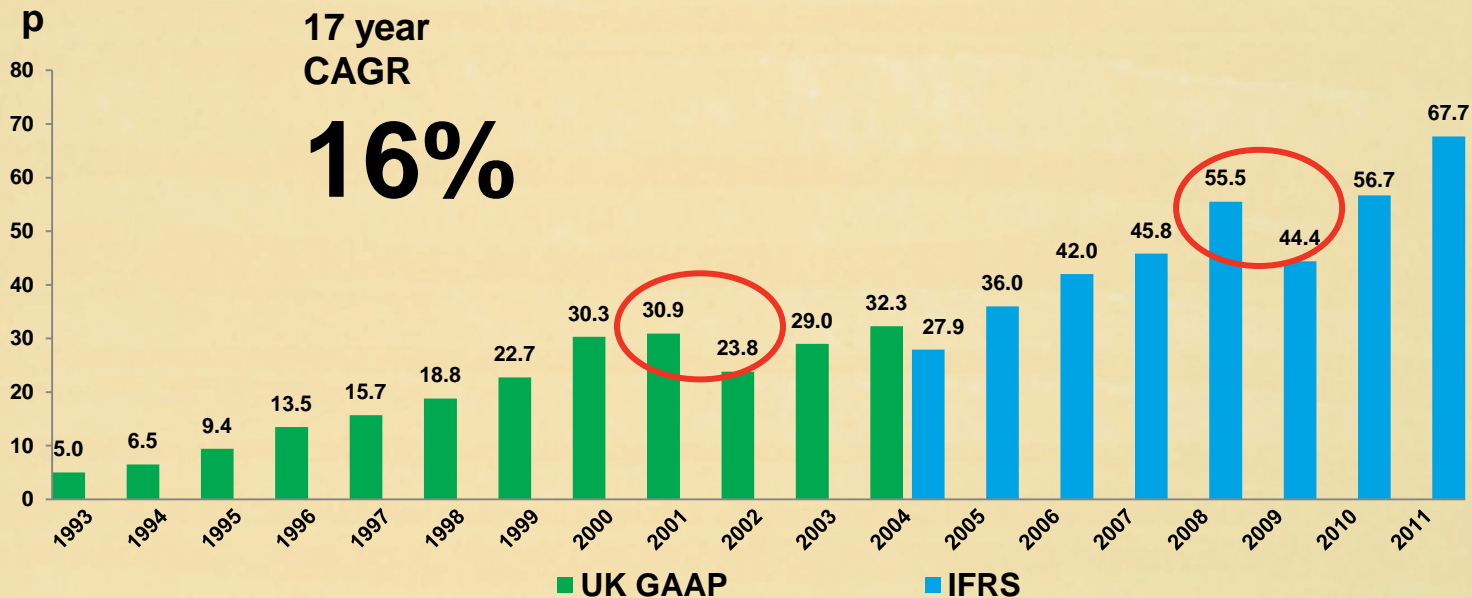
WPP PBIT and Margins



Note: Headline PBIT includes associates and excludes goodwill and intangible charges, investment gains/losses, and share of exceptional gains/losses of associates. For 2004 onwards, headline PBIT has been prepared under IFRS. 2003 and prior periods are in accordance with previous UK GAAP.

History

WPP Diluted Headline EPS Post 1992 Rights Issue



Note: 1993 adjusted to reflect 1992 rights issue. Diluted headline EPS

TSR and Share Price performance since 1985¹ to date

Share Price			TSR		
Rank	Company	CAGR%	Rank	Company	CAGR%
1.	Antofagasta	25.4	1.	Antofagasta	29.7
2.	Weir Group	17.2	2.	Weir Group	21.6
5.	Morrisons	13.9	5.	Johnson Matthey	17.5
7.	WPP	13.0	9.	WPP	14.8
8.	Unilever	10.9	11.	Unilever	14.5

£1,000 invested in WPP in 1985 would be worth £28k excluding dividends or £44k including dividends.

Over same period CAGR% for FTSE 100 is 5.6%.

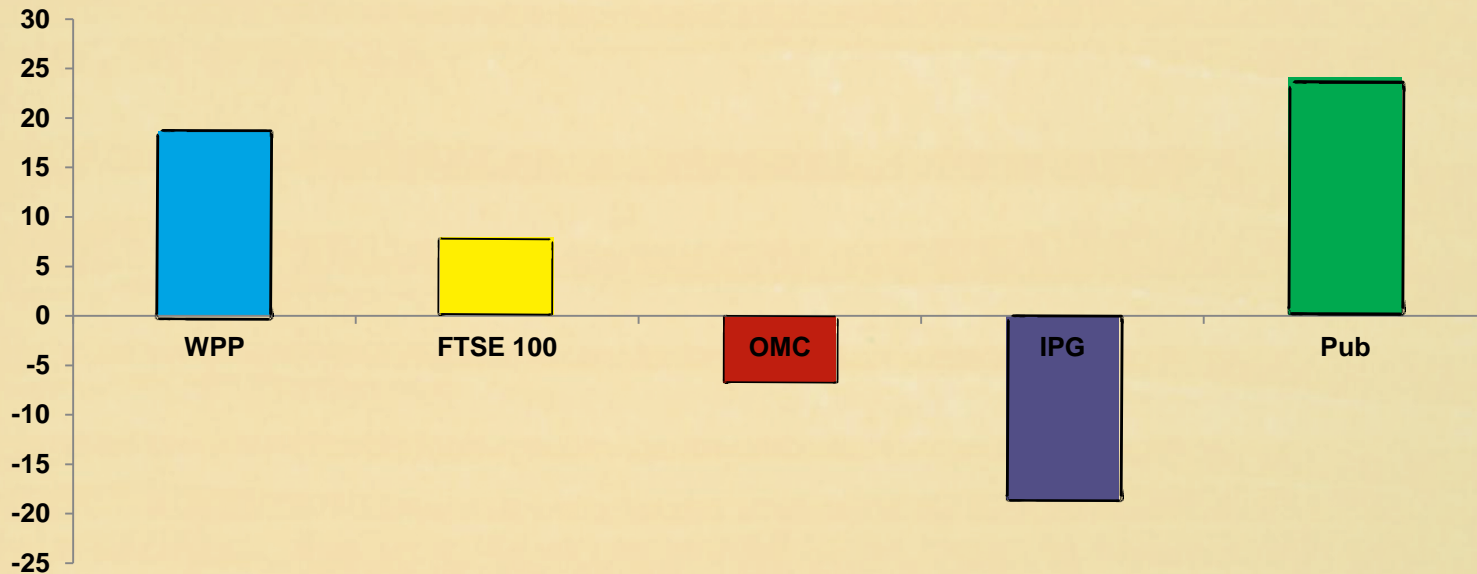
¹Based on all companies in FTSE in 1985 and today

Financial Model

- Revenue growth in line with the market (0%-5%).
- Operating margin up 0.5 margin points each year.
- PBIT growth of 5%-10% per annum.
- Use of free cash flow to repay debt and small to mid-sized acquisitions of approximately £300m to £400m.
- Target EPS growth of 10%-15% per annum.

TSR Performance

Based on 5 years to 31 December 2011



TSR Performance - WPP v Peers

Measured from Friday June 8th



TSR Performance WPP v FTSE 100

Measured from Friday June 8th



Summary

- Strong like-for-like gross margin growth of 5.9% and revenue growth of 5.3% in a difficult year, ahead of 2011 budget.
- Double digit growth in faster growing markets and acceleration in UK, partly offset by slower second half growth in US.
- Advertising and Media Investment Management and Direct, Digital & Interactive sectors delivered above average growth.
- Group margins up 1.1 margin points as a result of good cost control, whilst investing in staff.
- Strong cash flow reinvested in acquisitions which delivered an additional 3% of revenue and also supported a 38% increase in dividend.

Outlook

- Our 2012 budgets indicate organic growth at around 4% and the first quarter revised forecast slightly higher.
- Impact of strong new business wins and progress in Consumer Insight, although euro crisis still a nagging worry.
- Our 2012 margin target, in line with long-term strategy, is for at least 0.5 margin points improvement in both 2012 and 2013 with continued progress to our long-term goal of 18.3%.

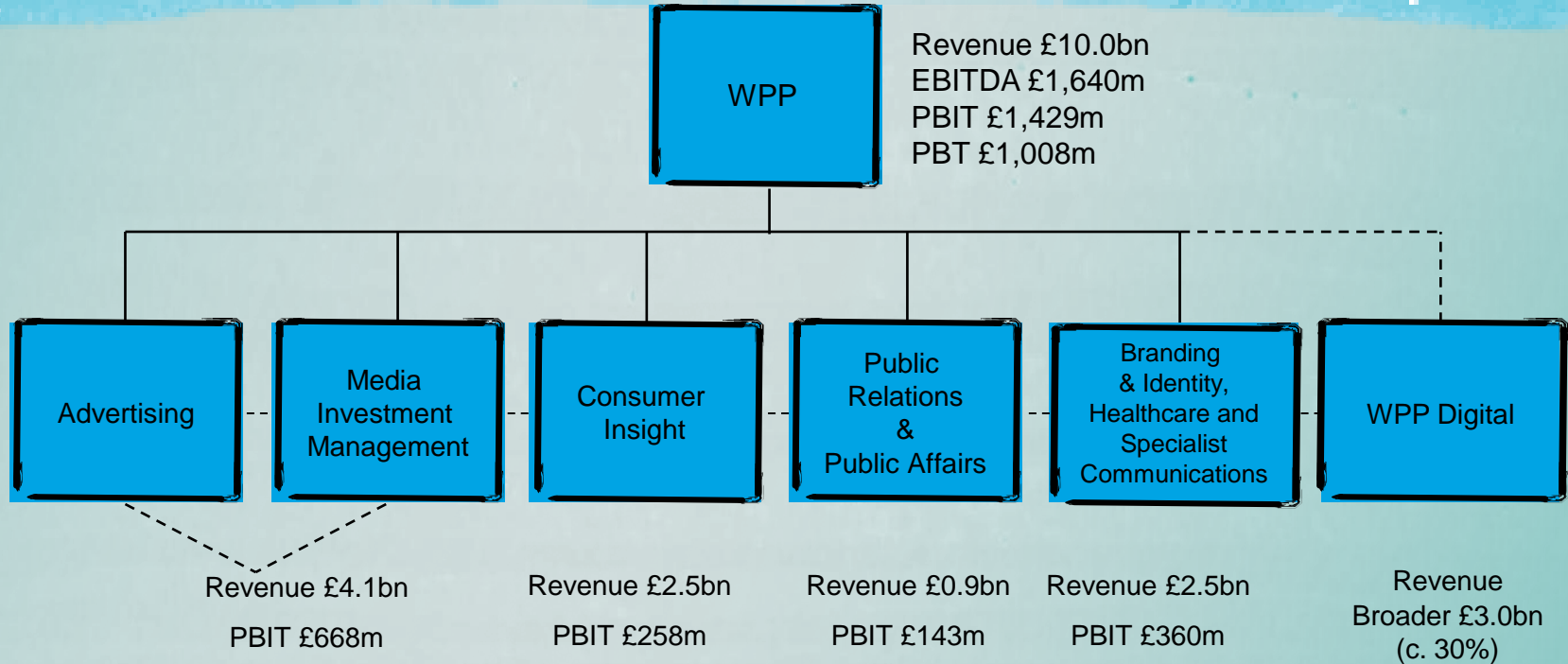
Outlook

- We will use our substantial cash flow to enhance earnings through small and medium size acquisitions (estimate £300m to £400m), dividend increases and share buy-backs.
- Our goal is to deliver our financial model target of 10% to 15% EPS growth through organic revenue growth up to 5%, margin improvement of 0.5 margin points or more and accretive use of our cash flow.
- Dividend pay-out ratio increasing to 40% over time.

Conclusions

- As our 2011 results show, the Group is well placed to benefit from regional and discipline trends, particularly if mature markets show continued slow growth.
- The investment in digital tools and infrastructure will enable the Group to optimise client campaigns and build unique advantage and differentiation.
- We are strong believers in relevance of data analytics and application of technology for clients and a strengthening of Consumer Insight would give a boost to overall growth rate.
- With quadrennial events of 2012, the Group is well placed to meet its goals for the year and continue progress on the strategic goals in new markets, new media and consumer insights.

WPP Today

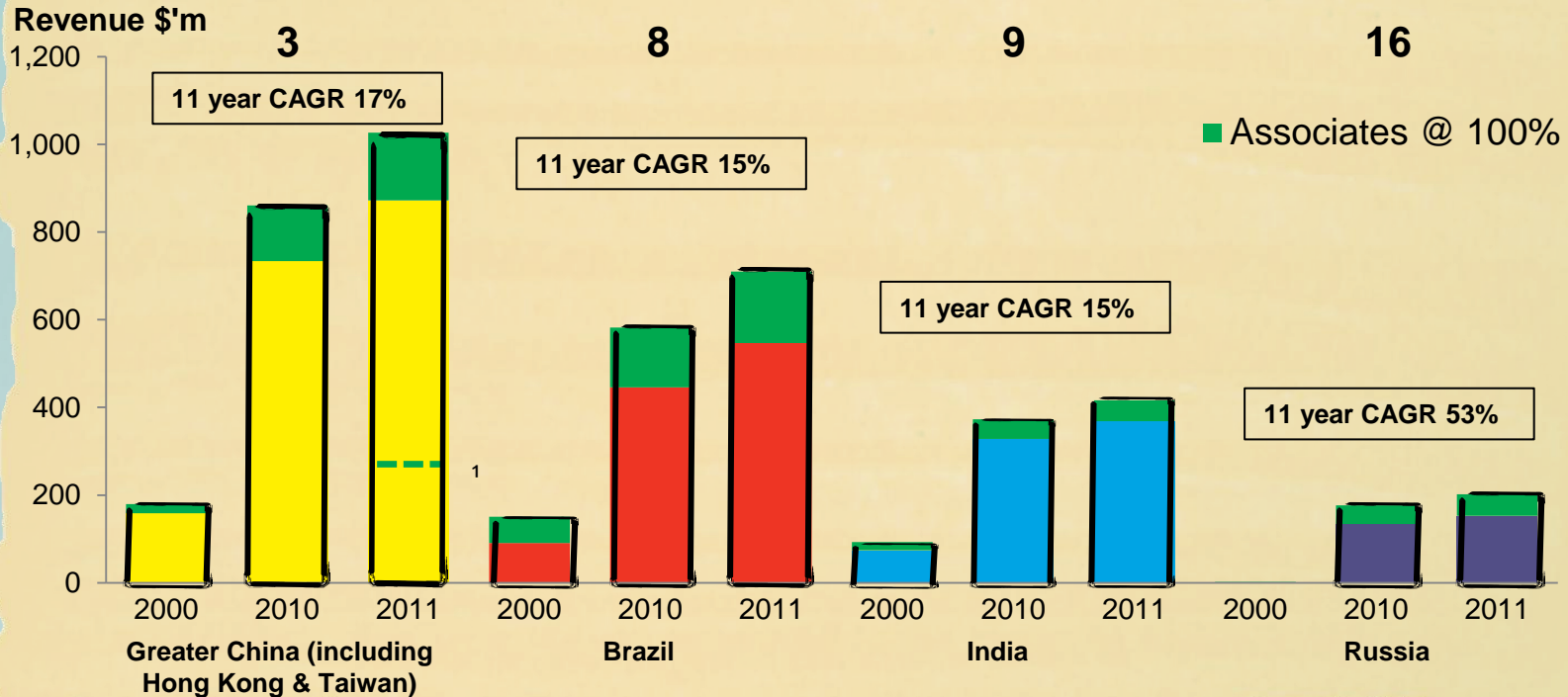


Revenue and PBIT figures are 2011 reported sterling actuals.

PBIT is stated before goodwill and intangibles charges, investment gains/losses and share of exceptional gains/losses of associates.

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