

WPP 2021 Shareholder Presentation

Transcript

Wednesday, 9 June 2021

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Roberto Quarta
Chairman, WPP

SLIDE 2

Good afternoon to you all and welcome to WPP's 2021 Annual General Meeting.

My name is Roberto Quarta and I am Chairman of WPP.

Due to COVID-19 restrictions and as part of our commitment to make our meetings accessible to as many shareholders as possible, this meeting is being webcast live. I would like to start by saying thank you in particular to shareholders who have joined the meeting via Intrado's online meeting platform.

Present at our Sea Containers office, being the physical location of the meeting, we have our CEO Mark Read, our CFO John Rogers and Non-Executive Directors Jasmine Whitbread and Keith Weed, together with our Company Secretary Balbir Kelly-Bisla. Other members of the Board, including myself, have joined virtually.

In accordance with the Company's Articles, the AGM is deemed to take place where the chair of the meeting is physically present. The chair of the meeting does not have to be the chairman of the Company and, in accordance with Article 37 of the Company's Articles, the directors present at Sea Containers have selected Mark Read, our CEO, to preside as chair of the meeting today. I will, therefore, hand over to Mark to declare the meeting open.

I will therefore handover to Mark to declare the meeting open.

Mark Read
Chief Executive Officer, WPP

SLIDE 4

Thank you, Roberto, and welcome everybody. It is now 12.02pm and I can confirm that the requisite quorum is present here at Sea Containers and the WPP AGM has been duly convened.

I will shortly come on to updating you on our business performance, as well as presiding over the formal part of the business of the meeting. However, before I do that, we will hear from Roberto again. Given that Roberto is joining the meeting virtually and being mindful of the issues that can sometimes occur with connectivity, we have pre-recorded his introductory remarks which we will play now.

Roberto Quarta
Chairman, WPP

SLIDE 2

I would like to make a few comments, firstly, on recent Board changes.

To ensure the Board has the necessary skills and experience and diversity to effectively support and review the Company's strategic progress, we continued our proactive review of our Non-Executive membership during 2020, announcing the appointment of three new Board members.

SLIDE 3

Angela Ahrendts DBE joined the Company as a Non-Executive Director on 1 July 2020 and joined the Sustainability Committee on 1 January 2021.

Angela was Senior Vice President Retail at Apple Inc from May 2014 until April 2019, where she oversaw the company's global retail operations and the integration of its physical and digital businesses. She joined Apple from Burberry where she was CEO from 2006 to 2014 and led the company through a period of global growth based on the adoption of new technologies, the launch of new product lines and the expansion of retail operations into new markets.

On 5 October 2020, Tom Ilube CBE was appointed to the Board as a Non-Executive Director and joined the Audit Committee and the Nomination & Governance Committee on 1 January 2021, and then the Compensation Committee on 5 February.

Tom is a technology entrepreneur and educational philanthropist. He is the founder and CEO of AIM-listed Crossword Cybersecurity Plc and has launched several other technology start-ups. During his 30-year career in the UK technology sector, he has held senior leadership roles in organisations including Call Credit Information Group and Egg Banking Plc.

Lastly, Dr Ya-Qin Zhang was appointed to the Board on 1 January 2021.

Dr Zhang is a world-renowned technologist, scientist and entrepreneur who served as President of Baidu Inc, the global internet services and AI company headquartered in Beijing, between 2014 and 2019. In this role, he oversaw the company's overall technologies, emerging businesses and global operations, and helped the company to push new frontiers including Cloud Computing, Autonomous Driving and Quantum Computing, together with AI machine learning systems. Prior to Baidu, Dr Zhang held various senior positions during a 16-year tenure with Microsoft both in the United States and in China.

Today, we have a strong Board and executive team with the expertise, diversity and experience required to support the transformation and success of WPP.

SLIDE 2

We were obviously pleased to be ranked 10th in the 2020 Hampton-Alexander Review of FTSE 100 women leaders, and to have exceeded the Parker Review target on ethnic diversity.

I also would like to provide some reflection on 2020 when I think it is fair to say that WPP was tested in ways that no-one could have predicted. The fundamental strength of the Company, the actions taken by leadership, both in prior years and in response to the pandemic, together with the incredible efforts of our people helped it to pass that test.

The performance of your Company was remarkably resilient during 2020, exceeding our own expectations and those of the financial markets, and we were pleased to see a return to like-for-like growth in all business segments and most major markets during the first quarter of this year.

As Covid-19 hit, the executive team, with the full backing of the Board, acted swiftly to protect the business and its employees through a range of financial measures and operational decisions. To secure the Company's position, the share buyback scheme and 2019 final dividend were suspended, costs were reduced substantially and leaders, including the Board and Executive Committee, volunteered to give up a portion of their salaries and fees.

Our people and agencies put their skills to work to help combat the virus, creating and delivering public awareness campaigns, advocating good hygiene and social distancing and, more recently, in supporting the roll-out of vaccines.

In those parts of the world where the pandemic continues to have a terrible impact, we have been doing everything we can to support our people and, most recently, our particular attention has been focused on India, where a number of our people have tragically lost their lives to the virus. WPP has created an India Covid Relief Fund to provide direct assistance to the families of those who have been affected, as well as our wider communities. We are also giving people access to a range of on-the-ground resources and services to alleviate the situation as best we can, in extremely difficult circumstances.

Moving on to the strategic progress of our Company, Covid-19 has only increased the pace of the changes already happening in the sectors in which WPP operates, not least the growing of digital advertising and e-commerce. In December, our very well-received Capital Markets Day laid out the next phase of the Company's strategy for growth, plans for capital allocation and new medium-term financial targets, including the announcement of a new dividend policy. Starting from the current year, we intend to grow the dividend annually and to pay out approximately 40% of headline earnings per share.

The Board and Leadership Team are firmly committed to the ESG agenda and you will have seen that we announced in April our industry-leading commitment to achieving net zero carbon emissions across our value chain by 2030, supported by science-based targets. As part of our continued engagement with our stakeholders, we will host an ESG event to outline in more detail the Company's sustainability strategy, as well as progress on key sustainability topics.

I have already touched upon the efforts of our people who, despite the many challenges of Covid, continue to deliver results for our clients and wider stakeholders. Exceptional people are not only our greatest asset but the key to our future growth. WPP has made great strides over the last two and a half years in building a culture of openness, tolerance and respect throughout our organisation.

The Leadership Team has placed diversity, equity and inclusion at the heart of the Company's strategy and the Board continues to track progress in this area just as closely as it does on financial performance. WPP's performance and culture is simply a reflection of the collective effort and dedication of the many thousands of people within our organisation and, on behalf of the Board, I would like to thank them all.

I would like to conclude by reiterating the significant progress we have made on our strategy and that the Board and management remain committed to delivering long-term value creations for our shareholders. Thank you.

Mark Read
Chief Executive Officer, WPP

SLIDE 4

Thank you, Roberto, and I would now like to give you a brief review of our performance in 2020 and the first quarter of 2021, as well as the progress we are making on our sustainability and purpose agenda.

SLIDE 5

First of all, please bear in mind the important caveats in this cautionary statement.

SLIDE 6

Of course, the last 15 months have been dominated by Covid. We were very clear from the outset about our priorities in responding to the pandemic. Our people came first and on 16 March last year, we asked close to 100,000 people around the world to work from home over a weekend. We continue to put our people first through day-to-day contact, increased mental health support and, most recently, through practical assistance to our people in India.

Secondly, we responded rapidly to the needs of our clients, moving seamlessly to remote working and adapting to their changing needs, often taking only days to produce work that might once have taken weeks or even months.

Thirdly, we helped our communities bringing all of our global resources to bear to deliver campaigns for the likes of the World Health Organisation. Fourthly, we protected the business through rapid action on costs and cash, and we delivered a very resilient financial performance. Now I will cover 2020 in more detail.

Review of 2020

SLIDE 8

In summary, 2020 turned out to be much more resilient than perhaps we had feared back in March or April last year. Q2 proved to be the low point at around -15% organic growth but we improved our growth performance sequentially from there throughout the year. By Q4 our clients and our strong franchises in technology, consumer goods and pharmaceuticals were back in growth.

Looking at individual clients, half of our top 30 actually grew spend with us in 2020, driven by increased demand for commerce and digital services.

We also performed very strongly in new business winning more than \$4.4 billion in net new billings, our best performance in several years, and our net debt and our net debt at £700 million was down by over £4 billion in the last two years and stands at its lowest level for 16 years.

Meanwhile, we continue to push through strategic change with further strategic combinations to better serve our clients and simplify our offer.

SLIDE 9

As I have just mentioned, it was a marquee year for new business. We led the pack in both media and creative, with more than double the value of wins in aggregate than the number two player. Key accounts included Intel, Uber, and Unilever in China, as well as retention and expansion of our relationship with Walgreens Boots Alliance.

SLIDE 10

Turning then, to our purpose, which Roberto mentioned. Our purpose is to use the power of creativity to build better futures for our people, our planet, our clients and our communities, and in each of these

areas we have worked consistently over 2020 to deliver on our commitments.

In terms of our people, there is no doubt that the murder of George Floyd and the other events of 2020, touched a nerve in society and brought the topic of racism very much to the fore, and WPP responded significantly.

We have taken 12 recommendations in writing of the 1,200 black advertising professionals in the United States to commit to use the power of our voice and to work with our clients to fight racism, and we are investing £30 million over three years in programmes inside WPP and outside to further those goals. We still have a lot of work to do, though, as do most companies, and we are committed to doing it.

The pandemic has also highlighted the way in which we can change the impact that we have as a company on the planet, not just in terms of how we travel, but also in the work that we do with our clients in areas such as media and production.

In April this year we announced our plans to reach net-zero across our entire supply chain by 2030, an industry-leading commitment, and I would now like to show you a short film that brings that commitment to life.

[Video commences]

Zero, the number of nothing, nada, nil, nought, niente, not a single like, but zero, there is greatness in you. We have big ambitions for you.

Net-zero carbon emissions across our operations by 2025 and beyond, to take zero where zero has never been before.

Net-zero emissions across our supply chain by 2030, a creative challenge to zero in on the unknown. Be the first in our field to measure and eliminate carbon emissions from the work we share with the world.

Lead by example and create examples that lead, and together run towards zero to bring real change within our communities and the world, to use creativity to make something out of nothing.

Zero, the highest goal we have ever set.

[Video concludes]

As you can see, we intend to use the power of creativity to drive systematic change in how we treat the planet.

After people and planet, the third area of our purpose is clients. We work with our clients to help them communicate to their people, to their customers and to their investors the actions that they are taking and their importance, and last but not least, across the Company and around the world, we have consistently been helping our communities.

We are very proud of the work that we have done as a group with the World Health Organisation on a pro bono basis to communicate safe behaviour during the pandemic and to help minimise the spread of the virus, and in most markets WPP teams have been working to use the power of creativity and communications to drive behavioural change.

At this point, I would also like to take the opportunity to thank Sally Susman, who is stepping down as Co-Chair of our Sustainability Committee for her significant contribution to its success since it was formed in 2019. I am delighted to say that Sally will remain on the Committee and we will continue to benefit from her experience.

SLIDE 11

Turning now to our client performance. It was remarkably robust amongst our largest clients and in the sectors where we are most strongly represented.

In healthcare, consumer goods and technology, these sectors were more resilient over the year, and our franchise actually grew overall in 2020, but it was inevitably in the areas of automotive, travel, luxury goods where we saw the steepest declines.

SLIDE 12

The growth that we have seen with our clients is no doubt linked to the improvements that we have seen now for over two years in our customer satisfaction. In fact, despite the challenges of remote working, we delivered our highest client satisfaction and net promoter scores at the height of the pandemic. This, I think, demonstrates that the improvements to our offer and the investments made in our client teams are beginning to pay off. Most importantly, it reflects the determination and ingenuity of our people in difficult circumstances.

SLIDE 13

Let's turn then to the first three months of 2021.

SLIDE 14

The advertising and marketing market has bounced back strongly across all regions and in all parts of our business, and in the first quarter of the year, your Company is leading all its competitors, the first time that we have done this in eight years. Clients are looking through related waves of the virus to invest in the future.

We have also made continuous strategic progress, creating our data business Choreograph, making several attractive acquisitions in the technology space, and further simplifying the group with the buy-in of our minority shareholders in Australia. As previously mentioned, we also launched our net-zero pledge

SLIDE 15

And just to emphasise the point on this slide, which looks at our relative performance to the average in our peers in the US and globally, we have achieved a very strong turnaround since 2018, and for the last four quarters we are out-performing our peer group as a whole, ahead of the target that we set in December 2018.

SLIDE 16

In summary, then, of course we have to keep an eye on Covid. We remain concerned about markets such as India and Brazil, important markets for many of our people who are working there where the disease is still very active, and there are also markets that are now opening up, helping our people to transition back to hybrid work and office life that we need to focus on.

It will no doubt be a busy year for new business, with a large number of accounts under review, but where we have opportunity and risk evenly balanced across our portfolio, and given our recent track record, I am confident that we can perform well. We also need to make further progress on our purpose agenda and we are updating investors in more detail on that later this month.

But for the medium term, our strategy is clear. We are operating in growing markets and demand for our services has never been greater. We have huge potential in our transformation programme to deliver cost savings that we can, in part, reinvest in growth. The progress that we are making in creativity, technology and culture are, I believe, very clear. And we believe that this will add up to superior returns for you, our shareholders.

Before I turn to the Q&A, it is important to recognise the people who have delivered these results. This has not been an easy 15 months for anyone, but as you can see from our results, our people have delivered above and beyond to our clients, frequently working from small flats and bedrooms for extended periods of time.

We have sadly lost a number of our colleagues to Covid and our thoughts and prayers are with their families. This remote way of working for an extended period has also challenged the mental health of many of our people, something very much on my mind and that of our Board and our Senior Leadership, so we should thank our 100,000 people around the world, from here in London to New York, from Mumbai to São Paulo, and from Sydney to Johannesburg for all they have done. They are our Company's greatest strength and it is their determination and ingenuity that have delivered this resilient performance in 2020 and put WPP in the position for strong growth in 2021, so thank you to all of them.

SLIDE 17

Now, moving to the formal business of the AGM, you have all received a copy of the Notice of the Meeting dated 5 May 2021, which fully explains all the agenda items for today's meeting. As usual, I will take the Notice of this Meeting as read.

Now, before dealing with the items of business contained in the Notice, we would like to address any questions which are relevant to the business of the meeting. Every effort will be made to give shareholders the opportunity to ask a question if they wish to do so. For those shareholders joining virtually, if you have not already submitted a question in advance, or would like to ask a question, you may submit questions via the Intrado platform. To ask a question you should select the 'Ask a Question' tab from within the navigation bar at the top right-hand corner of the screen, to open the message box and type in your question there. Once finished, press submit to the right of the message box, to submit your question. May I remind you that only registered shareholders, duly authorised representatives or registered proxies may ask a question.

OK, so let's begin. We are just waiting for any questions to be submitted. I think we will just give everyone a bit more time to submit questions if they have them.

[Pause]

OK, so it looks like we have no questions at this point, so I think we should move on to the voting.

HOLDING SLIDE

Now, the resolutions are set out in the Notice of the Meeting, and I now formally propose that each of the resolutions are put to the vote of the meeting.

As stated in the Notice, all resolutions will be determined by way of a poll rather than a show of hands.

Resolutions 1 to 20 are proposed as ordinary resolutions and require a simple majority of the votes to be passed. Resolutions 20 to 24 are

proposed as special resolutions, and they require at least 75% of the votes to be cast in favour to be passed.

Only the votes of shareholders present today or shareholders who have submitted their proxy votes in accordance with the details set out in the proxy forms will be taken into account.

Thank you to all those shareholders who took the time to submit their proxy votes in advance of the meeting.

Proxy votes submitted ahead of today's meeting in respect to which I, as the Chair of the meeting, have been appointed as proxy and have completed a poll card in respect of such votes, amount to approximately 935 million votes per resolution, representing over 78% of the Company's issued share capital in respect of each resolution.

The poll will now close.

Based on the proxy votes received, I can tell you that the provisional results show that all resolutions are carried. We will announce the final results of the voting as soon as practical to the London Stock Exchange, and will also make them available on our website.

That now concludes the formal part of this meeting and the business of the AGM. I would like to thank shareholders and all of our stakeholders for their continued support.

SLIDE 18

Thank you very much.

[END OF TRANSCRIPT]