



# WPP

## Results for 2009 London

March 2010



# WPP

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2	Key Priorities, Objectives and Strategy
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4	Other Financial Information (Hard Copy Only)
5	Structure and Competitive Position (Hard Copy Only)



# WPP

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Results for 2009



## Results for 2009

- ✧ Billings up 2.7% to £37.9 billion.
- ✧ Reported revenue up 16.1%. On a constant currency basis, revenue up 4.9%. Like-for-like revenue down 8.1%, with like-for-like gross margin down 7.9%.
- ✧ Headline PBIT down 9% to £1,017m from £1,118m.
- ✧ Headline operating margin of 11.7%, reflecting 15.4% in second half, in line with target.

## Results for 2009

- ✧ Headline PBT down 16.1% to £812m from £968m.
- ✧ Diluted headline EPS down 20% to 44.4p from 55.5p.
- ✧ Second interim dividend flat at 10.28p per share, making total for year of 15.47p, the same as 2008. Payment date for second interim dividend 1 April.
- ✧ Estimated net new business billings of almost £3.127 billion (\$4.847 billion).

# Results for 2009

## Unaudited IFRS Income Statement

Year to 31 December

	2009 £m	2008 £m	Change %
Revenue	8,684.3	7,476.9	16.1
<b>Operating Profit pre-goodwill/ intangibles</b>	<b>958.6</b>	<b>1,071.7</b>	-10.6
Goodwill/ intangibles charges, FA gains	(196.9)	(195.7)	-0.6
<b>Operating Profit</b>	<b>761.7</b>	<b>876.0</b>	-13.0
Income from associates	57.0	46.0	23.9
<b>PBIT</b>	<b>818.7</b>	<b>922.0</b>	-11.2
Net finance costs	(156.1)	(175.2)	10.9
<b>Profit before tax</b>	<b>662.6</b>	<b>746.8</b>	-11.3
Tax	(155.7)	(232.9)	33.1
<b>Profit after tax</b>	<b>506.9</b>	<b>513.9</b>	-1.4
Reported diluted EPS	35.3p	37.6p	-6.1

## Results for 2009

### % Growth vs Prior Year

	Revenue	Headline <sup>2</sup> PBIT	Headline <sup>2</sup> EPS
Like-for-like	-8.1	n/a	n/a
Acquisitions	13.0	n/a	n/a
Constant currency	4.9	-16.7	-28.5
Foreign exchange	11.2	7.7	8.5
<b>Reportable sterling</b>	<b>16.1</b>	<b>-9.0</b>	<b>-20.0</b>
<b>Reportable US dollars<sup>1</sup></b>	<b>-</b>	<b>-18.2</b>	<b>-27.1</b>

<sup>1</sup> Translated into US\$, using among other currencies, average exchange rates of US\$ /£ for FY 2009 of \$1.567, compared to \$1.852 for FY 2008.

<sup>2</sup> Figures before goodwill and intangibles charges, investment gains/losses, share of exceptional gains/losses of associates and revaluation of financial instruments.

## Results for 2009

### Headline<sup>1</sup> Performance Versus Consensus

	Median Consensus	Actual Results	+ / (-)
Revenue	£8,729m	£8,684m	£(45)m
PBIT	£1,017m	£1,017m	-
Net finance costs	£(195m)	£(205)m	£(10)m
PBT	£822m	£812m	£(10)m
Fully Diluted EPS	43.6p	44.4p	0.8p
PBIT Margin	11.7%	11.7%	-
Fully Diluted Shares	1,240m	1,238m	(2)m

<sup>1</sup> Figures before goodwill and intangibles charges, investment gains/losses, share of exceptional gains/losses of associates and revaluation of financial instruments.



# Results for 2009

## Unaudited Headline<sup>1</sup> IFRS Income Statement

	Year to 31 December		Change %	Constant Currency %
	2009 £m	2008 £m		
Revenue	8,684.3	7,476.9	16.1	4.9
<b>Headline operating profit</b>	<b>958.6</b>	<b>1,071.7</b>	-10.6	-17.8
Income from associates	58.6	46.5		
<b>PBIT</b>	<b>1,017.2</b>	<b>1,118.2</b>	-9.0	-16.7
Net finance costs	(205.0)	(149.8)		
<b>Profit before tax</b>	<b>812.2</b>	<b>968.4</b>	-16.1	-24.2
Tax at 23.8% (2008 25.3%)	(193.0)	(245.3)		
<b>Profit after tax</b>	<b>619.2</b>	<b>723.1</b>	-14.4	-23.9
<b>Headline diluted EPS</b>	<b>44.4p</b>	<b>55.5p</b>	<b>-20.0</b>	<b>-28.5</b>
Headline operating margin	11.7%	15.0%	-3.3	
Headline EBITDA	1,243.0	1,291.2	-3.7	-12.0

<sup>1</sup> Figures before goodwill and intangibles charges, investment gains/losses, share of exceptional gains/losses of associates and revaluation of financial instruments.

# Results for 2009

## Unaudited Headline<sup>1</sup> IFRS Income Statement

	First Half			Second Half		
	2009 £m	2008 £m	Change %	2009 £m	2008 £m	Change %
Revenue	4,288.7	3,339.1	28.4	4,395.6	4,137.8	6.2
<b>Headline operating profit</b>	<b>322.7</b>	<b>432.7</b>	<b>-25.4</b>	<b>635.9</b>	<b>639.0</b>	<b>-0.5</b>
Income from associates	19.5	20.7		39.1	25.8	
<b>PBIT</b>	<b>342.2</b>	<b>453.4</b>	<b>-24.5</b>	<b>675.0</b>	<b>664.8</b>	<b>1.5</b>
Net finance costs	(90.0)	(64.3)		(115.0)	(85.5)	
<b>Profit before tax</b>	<b>252.2</b>	<b>389.1</b>	<b>-35.2</b>	<b>560.0</b>	<b>579.3</b>	<b>-3.3</b>
Tax	(62.5)	(104.8)		(130.5)	(140.5)	
<b>Profit after tax</b>	<b>189.7</b>	<b>284.3</b>	<b>-33.3</b>	<b>429.5</b>	<b>438.8</b>	<b>-2.1</b>
<b>Headline diluted EPS</b>	<b>12.9p</b>	<b>21.8p</b>	<b>-40.8</b>	<b>31.5p</b>	<b>33.7p</b>	<b>-6.5</b>
Headline operating margin	8.0%	13.6%	-5.6	15.4%	16.1% <sup>2</sup>	-0.7
Headline EBITDA	455.7	531.9	-14.3	787.3	759.3	3.7

<sup>1</sup> Figures before goodwill and intangibles charges, investment gains/losses, share of exceptional gains/losses of associates and revaluation of financial instruments.

<sup>2</sup> 2008 second half margin including TNS on proforma basis was 15.4%.

## Results for 2009

### Full Year Operating Expenses

(like-for-like Sterling <sup>1</sup> £'m)	2009	2008	% B/(W)
Revenue	8,684	9,449	-8.1
Gross Margin	7,981	8,666	-7.9
Staff Cost	5,117	5,444	6.0
Establishment	692	637	-8.7
Other G&A	1,213	1,333	9.0
Total Operating Expenses	7,022	7,414	5.3

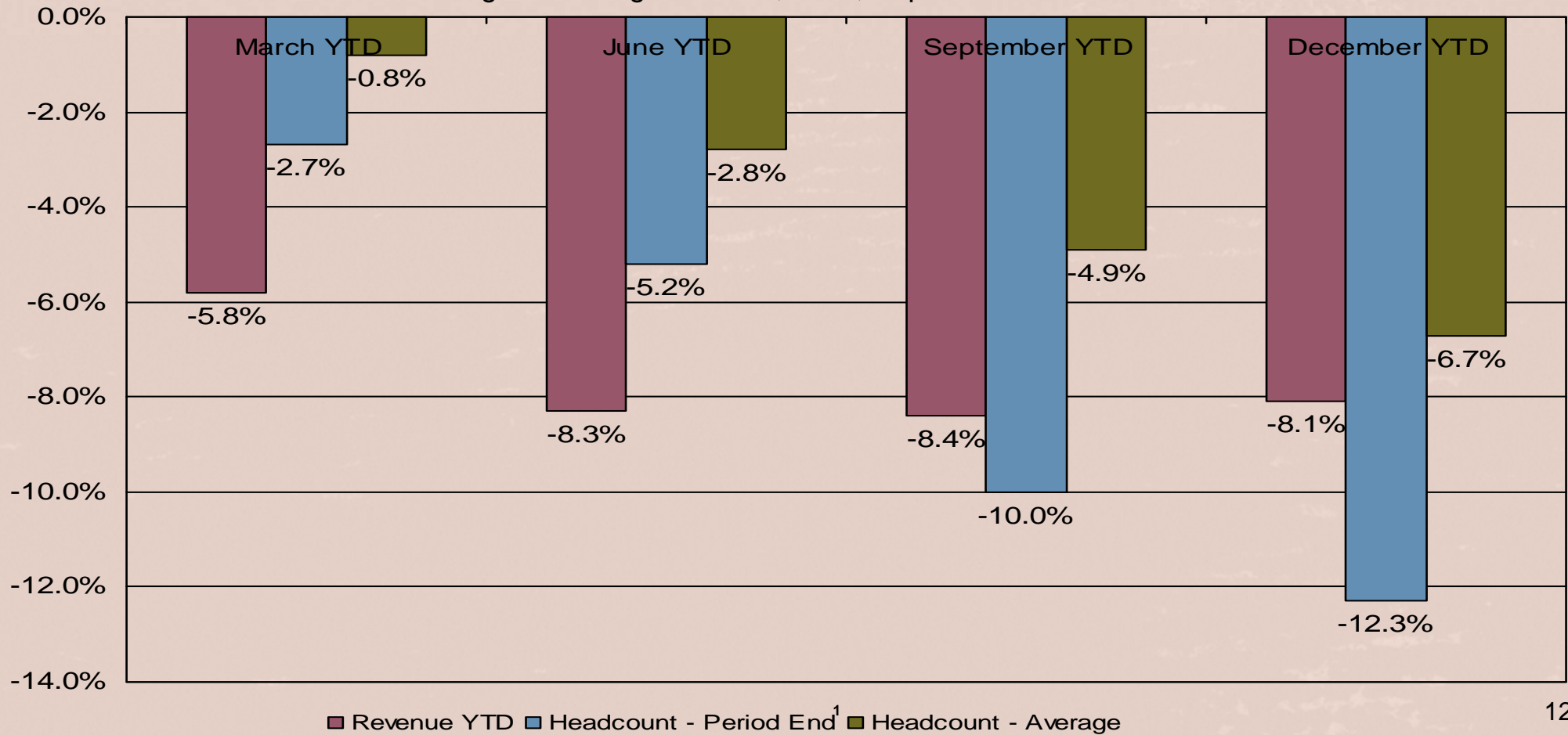
- Property impacted by one-off double rent in New York and short-term inelasticity
- Severance charge of £125m (\$186m) for the year or ca 1.4% of revenue, 0.7 margin points more than in 2008

<sup>1</sup> Based on WPP proforma reporting – 2008 adjusted for acquisitions and FX

# Results for 2009

## Revenue and Headcount now more balanced

Cumulative Organic Change – March, June, September and December 2009



<sup>1</sup>Headcount period end is end of quarter versus 31 December 2008

## Results for 2009

### Revenue by Discipline

	2009 £m	2008 £m	% Change		
			Reported	Constant Currency	Like-for- like
Advertising, Media Investment Management	3,358.9	3,329.5	0.9	-8.6	-8.5
Consumer Insight	2,297.1	1,301.8	76.5	62.9	-9.5
Public Relations & Public Affairs	795.7	752.3	5.8	-6.5	-7.4
Branding & Identity, Healthcare and Specialist Communications	2,232.6	2,093.3	6.7	-4.5	-6.2
<b>Total</b>	<b>8,684.3</b>	<b>7,476.9</b>	<b>16.1</b>	<b>4.9</b>	<b>-8.1<sup>1</sup></b>

<sup>1</sup> Gross Margin -7.9%

# Results for 2009

## Organic Revenue Growth Trends by Sector

2008-2009 Quarter by Quarter



## Results for 2009

### Revenue by Region

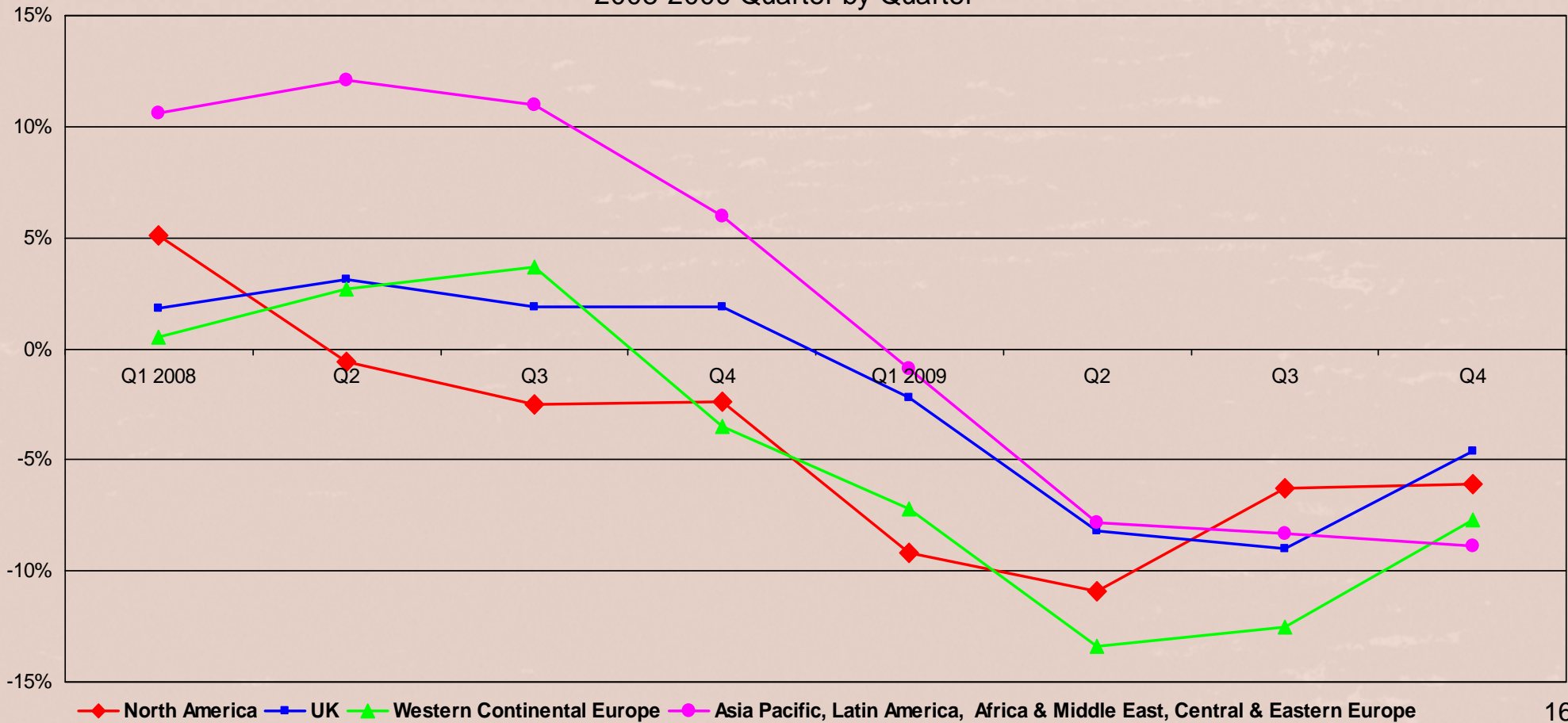
	2009 £m	2008 £m	% Change		
			Reported	Constant Currency	Like-for- like
North America	3,010.0	2,603.2	15.6	-0.7	-8.1
UK	1,029.0	954.2	7.8	7.8	-6.0
Western Continental Europe	2,327.8	1,879.1	23.9	12.8	-10.2
Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe	2,317.5	2,040.4	13.6	4.3	-6.8
<b>Total</b>	<b>8,684.3</b>	<b>7,476.9</b>	<b>16.1</b>	<b>4.9</b>	<b>-8.1</b>

<sup>1</sup> Gross Margin -7.9%

# Results for 2009

## Organic Revenue Growth Trends by Region

2008-2009 Quarter by Quarter





## Results for 2009

### Headline PBIT<sup>1</sup> and Margin<sup>1</sup> by Discipline

	Headline PBIT		Headline Margin	
	2009	2008	2009	2008
	£m	£m	%	%
Advertising, Media Investment Management	472.8	581.3	14.1	17.5
Consumer Insight	196.9	147.6	8.6 <sup>2</sup>	11.3 <sup>2</sup>
Public Relations & Public Affairs	122.1	124.9	15.3	16.6
Branding & Identity, Healthcare and Specialist Communications	225.4	264.4	10.1	12.6
<b>Total</b>	<b>1,017.2</b>	<b>1,118.2</b>	<b>11.7</b>	<b>15.0</b>

<sup>1</sup> Headline PBIT/margin: profit before finance income/costs and revaluation of financial instruments, taxation, goodwill and intangibles charges, investment gains/losses and share of exceptional gains/losses of associates.

<sup>2</sup> Headline PBIT/margin to gross margin of 11.8% for 2009 and 16.3% for 2008.

## Results for 2009

### Headline PBIT<sup>1</sup> and Margin<sup>1</sup> by Region

	Headline PBIT		Headline Margin	
	2009	2008	2009	2008
	£m	£m	%	%
North America	397.9	438.3	13.2	16.8
UK	131.5	124.1	12.8	13.0
Western Continental Europe	193.4	247.0	8.3	13.1
Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe	294.4	308.8	12.7	15.1
<b>Total</b>	<b>1,017.2</b>	<b>1,118.2</b>	<b>11.7</b>	<b>15.0</b>

<sup>1</sup> Headline PBIT/margin: profit before finance income/costs and revaluation of financial instruments, taxation, goodwill and intangibles charges, investment gains/losses and share of exceptional gains/losses of associates.

## Results for 2009

### Revenue growth by Country

Revenue Growth <sup>1</sup>	Countries
Above 0%	Argentina, India, Poland
0% to -5%	Brazil, Russia, Singapore, South Africa
-5% to -10%	Canada, Denmark, France, Germany, Greater China, Italy, UK, US
> -10%	Australia, Japan, Netherlands, Spain, Sweden

<sup>1</sup> Like-for-like growth

## Results for 2009

### Revenue Growth by Category

#### Revenue Growth<sup>1</sup>

#### Categories

0% to 5%

Computers

0% to -5%

Drinks, Electronics, Entertainment, Government,  
Personal Care & Drugs

-5% to -10%

Food, Retail, Telecommunications

> -10%

Automotive, Financial Services, Oil, Travel & Airline

<sup>1</sup> Like-for-like growth

## Results for 2009

### Effects of Sterling Weakness

- ✧ Currency movements accounted for a 11.2% increase in revenue, reflecting the weakness of the £ sterling against the US dollar, the euro and the Japanese yen.
- ✧ Sterling weaker on average as follows:

	2009	2008	Sterling weaker
US\$	1.567	1.852	-15%
€	1.123	1.258	-11%
¥	146.4	192.3	-24%

- ✧ Headline PBT<sup>1</sup> of £812m would have been £741m had sterling remained at the same levels as 2008.

<sup>1</sup> Figures before goodwill and intangibles charges, investment gains/losses, share of exceptional gains/losses of associates and revaluation of financial instruments.

# Results for 2009

## Trade Estimates of Major New Business Wins

Agency	Account	Office	Billings (\$m)
<u>Grey</u>	<u>Allianz</u>	<u>Worldwide</u>	<u>300</u>
mec	Activision Blizzard	USA	225
<u>Mindshare</u>	<u>Boehringer-Ingelheim</u>	<u>USA</u>	<u>225</u>
<u>Mindshare</u>	<u>Abbott Labs</u>	<u>Worldwide</u>	<u>205</u>
mec	Mercedes Benz	Germany	200
Wunderman	Microsoft	Worldwide	200
<u>Ogilvy</u>	<u>UPS</u>	<u>Worldwide</u>	<u>200</u>
<u>Maxus</u>	<u>UPS</u>	<u>Worldwide</u>	<u>200</u>
<u>GroupM</u>	<u>Global Food &amp; Drinks</u>	<u>Czech, Mexico &amp; Russia</u>	<u>165</u>
Grey	NFL	USA	160
Mindshare	Zurich	Worldwide	150
mec	Sony	Latam	150
mec	Lloyds	UK	130
Wunderman	Nokia	Worldwide	Not disclosed

Underlined figures are Q4 wins

## Results for 2009

### Trade Estimates of Major New Business Wins

Agency	Account	Office	Billings (\$m)
<u>OgilvyOne</u>	<u>LVMH</u>	<u>Europe</u>	<u>100</u>
JWT	Microsoft	Worldwide	100
JWT/ Mindshare	Egyptian Tourist Authority	EMEA	100
Grey	ANGA	USA	80
<u>Mindshare</u>	<u>Boehringer-Ingelheim</u>	<u>Worldwide</u>	<u>80</u>
<u>MediaCom</u>	<u>Universal Music</u>	<u>Europe</u>	<u>80</u>
<u>Mindshare</u>	<u>Randstad</u>	<u>Worldwide</u>	<u>80</u>
Mindshare	Intercontinental Hotels Group	USA	80
TNS	European Commission	Europe	80

Underlined figures are Q4 wins

## Results for 2009

### Trade Estimates of Major New Business Losses

Agency	Account	Office	Billings (\$m)
Mindshare	Bristol-Myers Squibb	Worldwide	420
MediaCom	Nokia	Worldwide	260
Mindshare	Wrigley	USA	250
<u>Mindshare</u>	<u>Unilever</u>	<u>China</u>	<u>225</u>
MediaCom	LVMH	USA	180
mec	Monster.com	Worldwide	150
<u>JWT</u>	<u>Kellogg</u>	<u>Europe &amp; Latam</u>	<u>150</u>
Ogilvy	Kraft	USA	80

Underlined figures are Q4 losses



## Results for 2009

### Internal Estimates of Net New Business Wins in 2009

Billings (\$m)	Creative	Media	Total
Advertising	1,214	2,857	4,071
Other Businesses	776	-	776
<b>Total</b>	<b>1,990</b>	<b>2,857</b>	<b>4,847</b>

- ✿ The Group came first in two of the three leading industry new business tables for 2009.

## Results for 2009

### Trade Estimates of Major New Business Wins & Losses Since 1 January

	Agency	Account	Office	Billings (\$m)
	GroupM	Bayer	Worldwide	600
	M4C (GroupM/MediaCom)	COI	UK	375
	Team Bayer	Bayer	Worldwide	200
<b>WINS</b>	GroupM	Amway Artistry	China	200
	mec	Bacardi	Worldwide	200
	Maxus	BT	UK	120
	MediaCom	Revlon	USA	100

## Results for 2009

### Cash Flow

	<b>2009</b>	<b>2008</b>
	<b>£m</b>	<b>£m</b>
<b>Headline Operating profit</b>	<b>959</b>	<b>1,072</b>
Non-cash compensation	55	62
Depreciation & amortisation charges	226	173
Net interest paid & similar charges	(148)	(134)
Tax paid	(217)	(182)
<b>Net cash generation</b>	<b>875</b>	<b>991</b>

## Results for 2009

### Uses of Cash Flow

	2009	2008
	£m	£m
<b>Net cash generation</b>	<u>875</u>	<u>991</u>
Capital expenditure		
- IT	(85)	(104)
- Property	<u>(168)</u>	<u>(117)</u>
Acquisition payments:		
- Net initial payments <sup>1</sup>		
TNS	-	(736)
Other	<u>(63)</u>	<u>(242)</u>
- Earnout payments/loan note redemptions	(82)	(71)
	<b><u>(145)</u></b>	<b><u>(1,049)</u></b>
Share repurchases	(9)	(112)
Other	(4)	7
<b>Net cash inflow/(outflow) before dividend</b>	<b><u>464</u></b>	<b><u>(384)</u></b>
<b>Dividend</b>	<b><u>(190)</u></b>	<b><u>(162)</u></b>
<b>Net cash inflow/(outflow) before NWC changes</b>	<b><u>274</u></b>	<b><u>(546)</u></b>

<sup>1</sup> Net initial payments are net of cash acquired and disposal proceeds, and includes other investments including associates

## Results for 2009

### Net Finance Costs / (Income)

£m	2009	2008	B/(W)
<b>Interest on net debt</b>	<b>189.0</b>	<b>155.9</b>	<b>(33.1)</b>
Investment income	(10.2)	(9.7)	0.5
IAS 19 (Pensions)	18.7	9.2	(9.5)
Earnout interest	2.0	0.5	(1.5)
IAS 32 (Convertibles)	5.5	(6.1)	(11.6)
	<b>16.0</b>	<b>(6.1)</b>	<b>(22.1)</b>
<b>Headline finance costs</b>	<b>205.0</b>	<b>149.8</b>	<b>(55.2)</b>
IAS 39 (Financial Instruments)	(48.9)	25.4	74.3
<b>Net finance costs</b>	<b>156.1</b>	<b>175.2</b>	<b>19.1</b>

## Results for 2009

### Net Debt - 31 December 2009

	2009 £m	2008 £m	% Variance
YTD average net debt on constant currency basis	(3,448)	(2,448)	-41%
YTD average net debt on reportable currency basis	(3,448)	(2,206)	-56%
Net debt at 31 December	(2,640)	(3,068)	14%
YTD average net debt for first 7 weeks of 2010 on a constant currency basis	(2,675)	(2,970)	10%
Headline finance costs	(205)	(150)	
Interest cover on Headline PBIT <sup>1</sup>	5.0x	7.5x	

<sup>1</sup> Headline PBIT/margin: profit before finance income/costs and revaluation of financial instruments, taxation, goodwill and intangibles charges, investment gains/losses and share of exceptional gains/losses of associates.

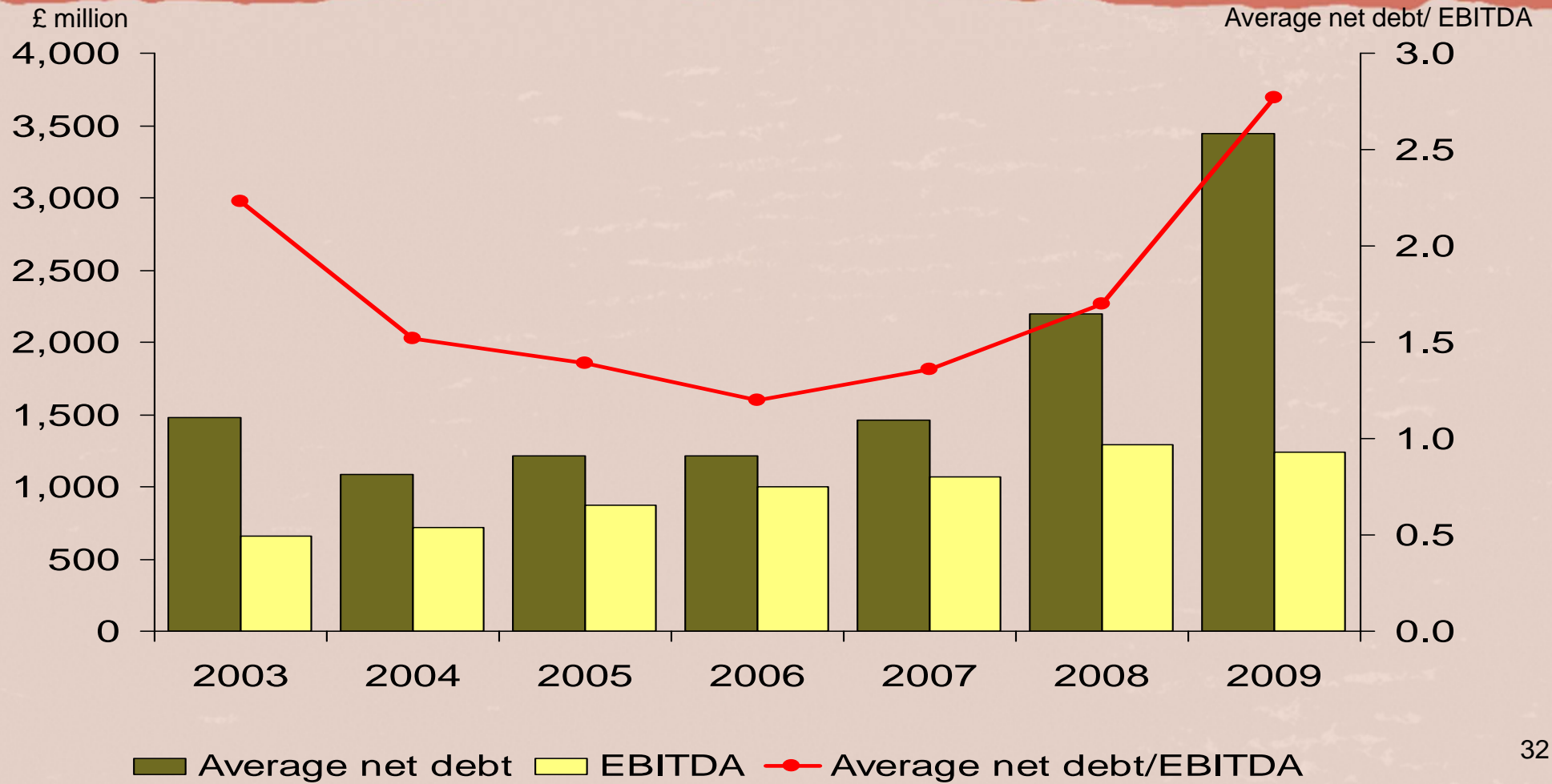
## Results for 2009

### Use of Free Cash Flow

<u>Category</u>	<u>Target</u>	<u>Actual</u>
New acquisitions	Up to £100m	£63m
Share buy back	Up to 1%	0.2% or £9m
Dividends	Growth up to 15%	Flat
Headroom	Undrawn facilities and surplus cash	£2.2 bn at 31/12/09

# Results for 2009

## Historic Average Net Debt/EBITDA



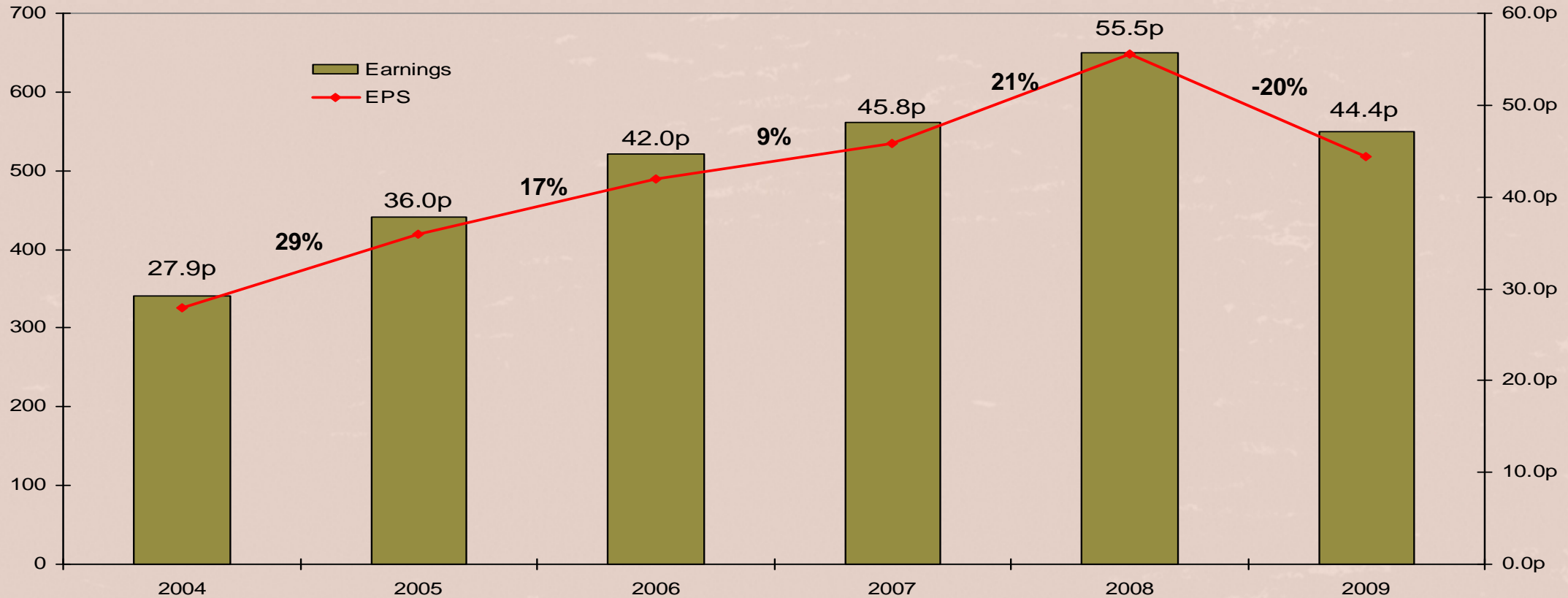


# Results for 2009

## Earnings and EPS<sup>1</sup>

Earnings (£m)

EPS pence/ share



<sup>1</sup> Diluted Headline Earnings and Diluted Headline EPS



# WPP

2

Key Priorities, Objectives and Strategy



# Key Priorities, Objectives and Strategy

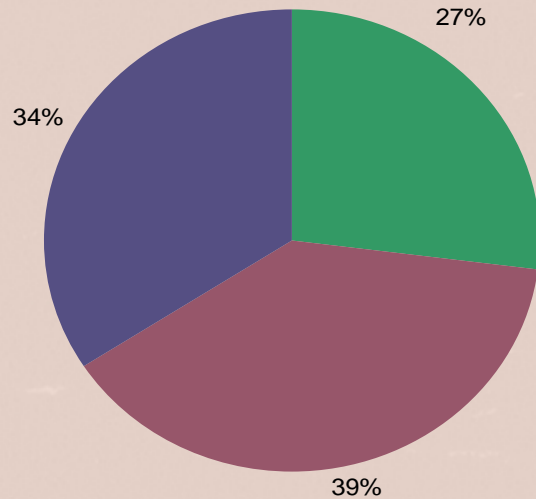
## New markets, new media and consumer insight

- ✦ Faster growing markets to be one third of total Group.
- ✦ Marketing services including new media to be two thirds of total Group.
- ✦ Quantitative disciplines including consumer insight to be one half of total Group, with focus on digital and consumer insight.

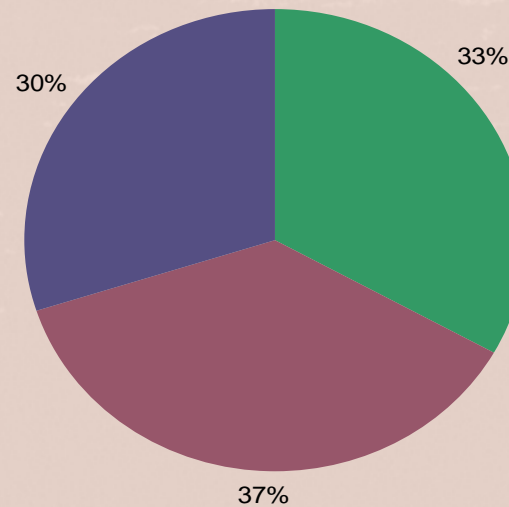
# Key Priorities, Objectives and Strategy

## Faster Growing Markets to be One Third of Total Group

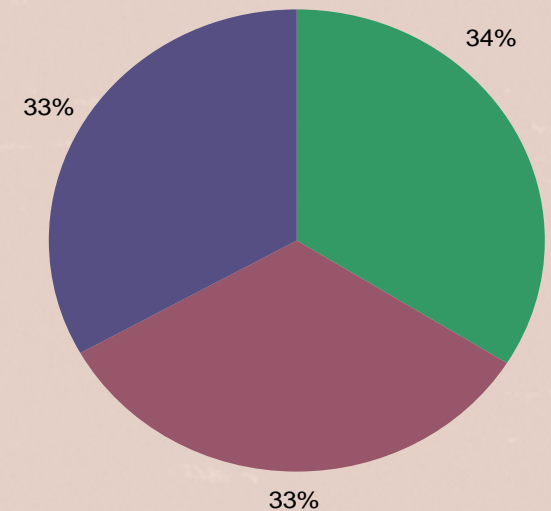
Today



Today Including Associates



Tomorrow



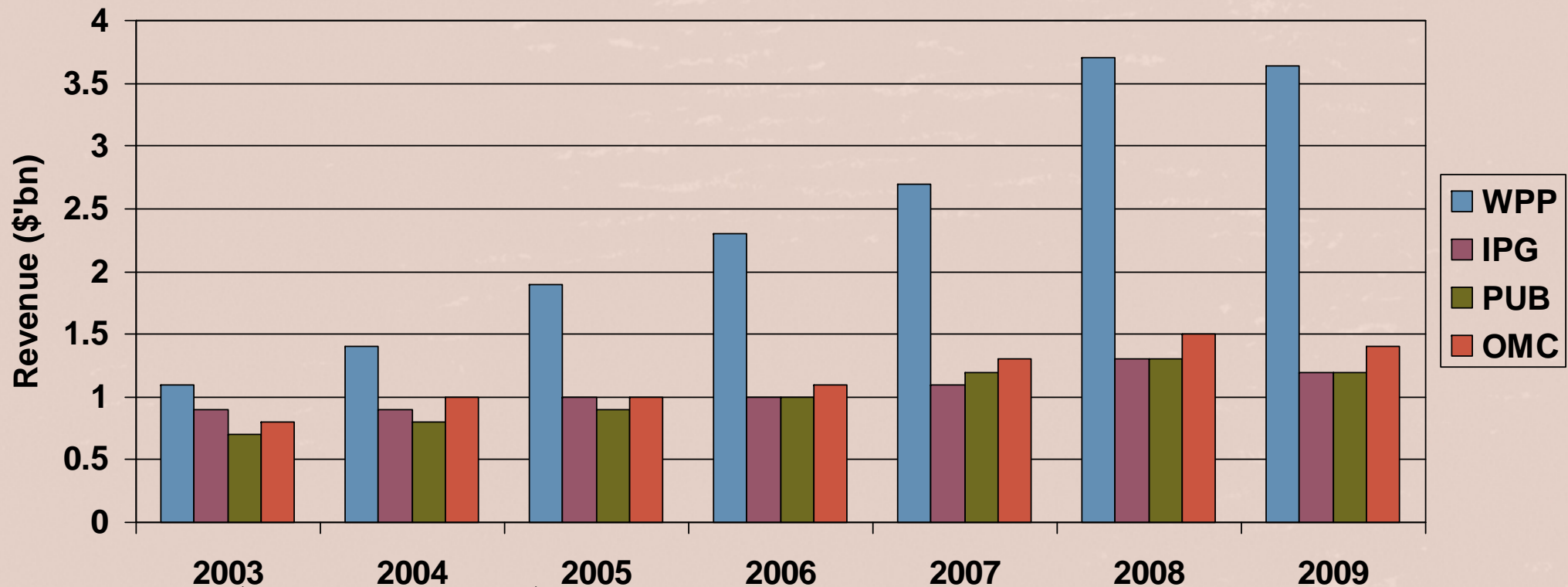
■ North America

■ UK & Western Continental Europe

■ Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe

# Key Priorities, Objectives and Strategy

## Revenues in Faster Growing Markets 2003-2009



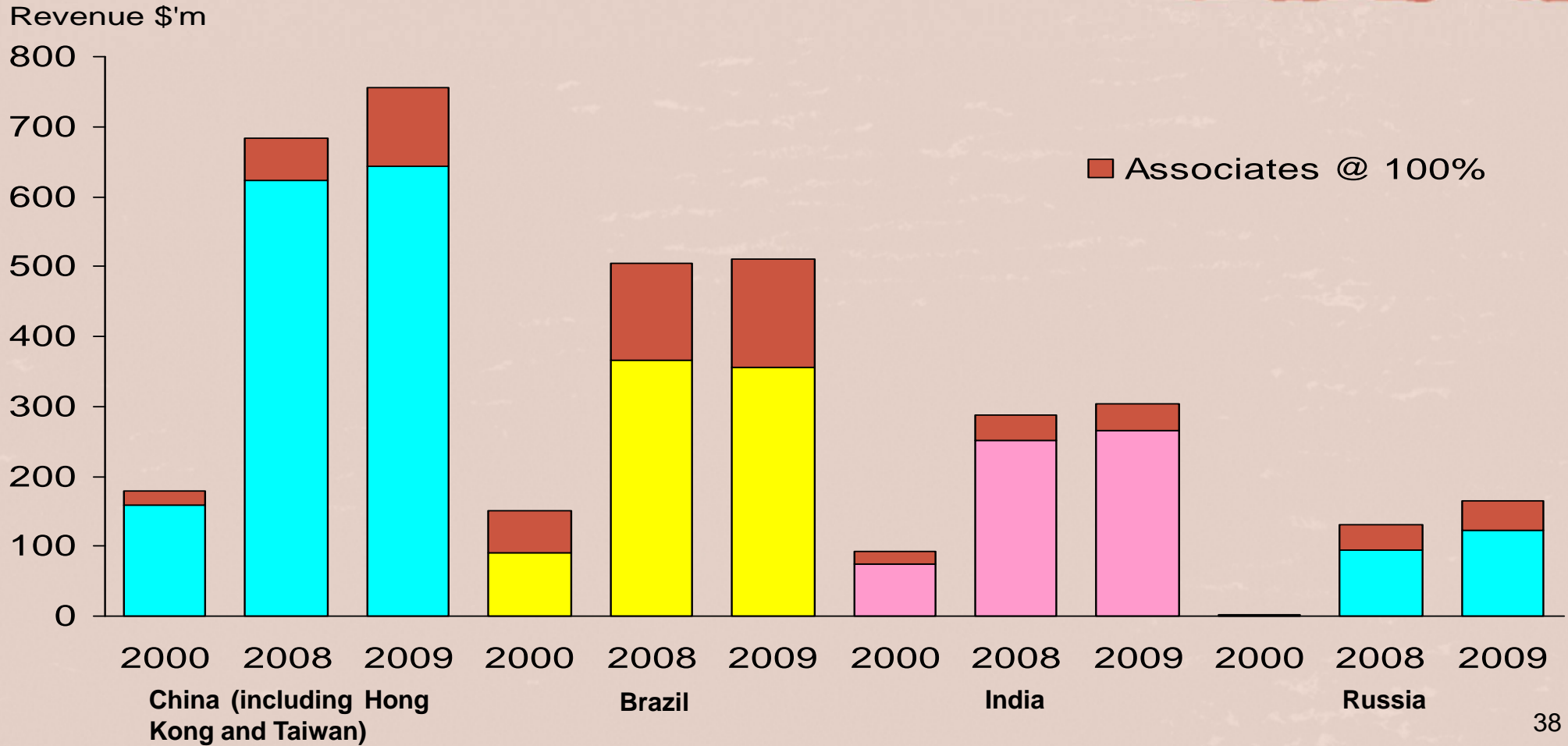
1. WPP reportable US \$'s per WPP results and peer \$ revenues as shown in annual results presentations

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%

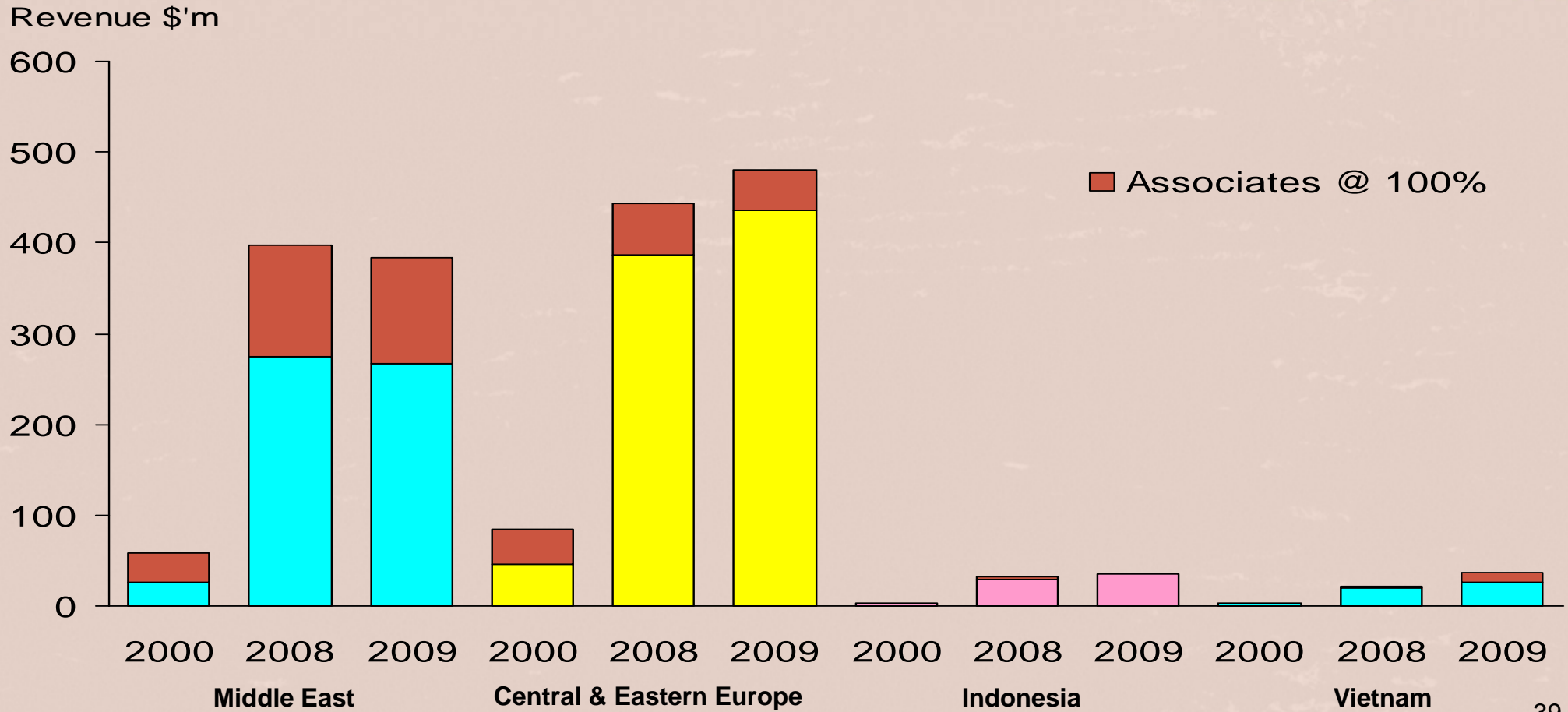
# Key Priorities, Objectives and Strategy

## WPP's Performance Strong in BRIC Markets



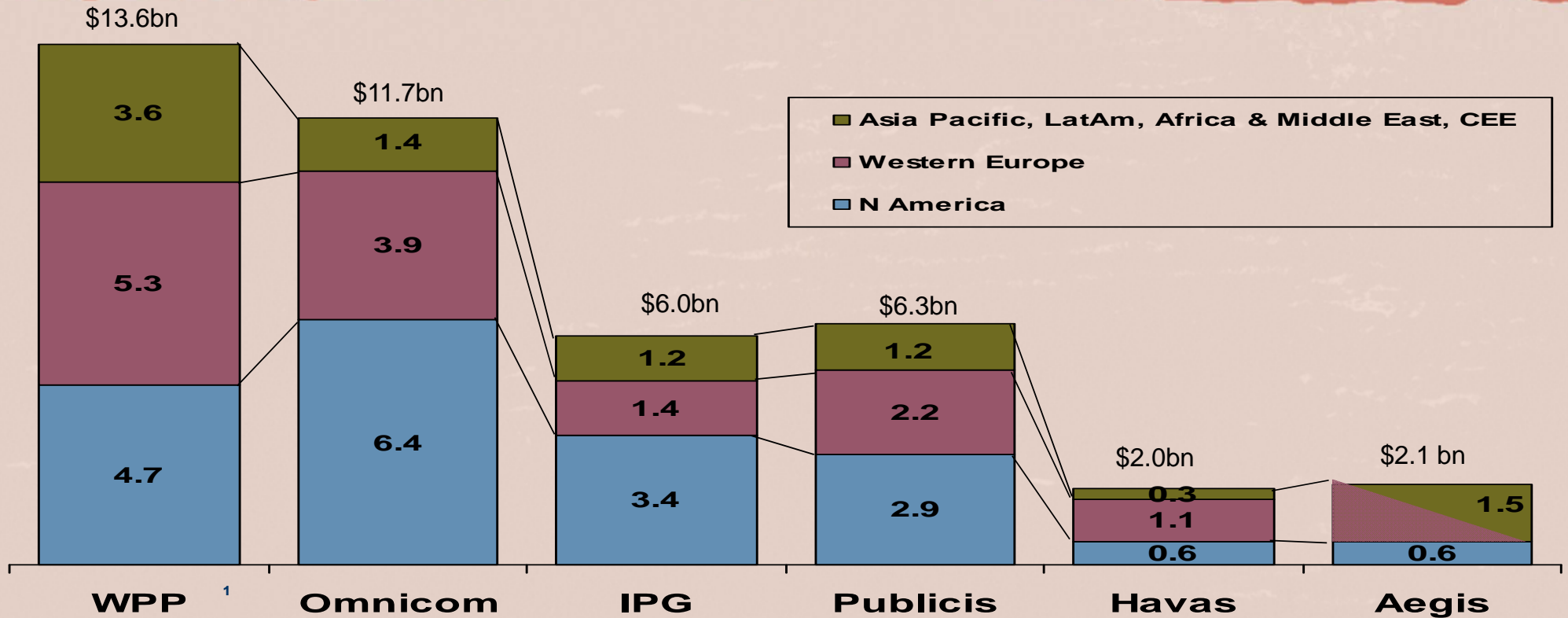
# Key Priorities, Objectives and Strategy

## WPP's Performance in Other Faster Growing Markets



# Key Priorities, Objective and Strategy

## 2009 Revenue by geography



<sup>1</sup> Source: WPP – reportable US \$'s per WPP preliminary results. Omnicom, IPG, Publicis and Havas - company presentations for 2009 with CEE estimated at 3%.

<sup>2</sup> FX. Havas and Publicis assumes \$1=€0.68 based on the average for 2009.

<sup>3</sup> OMC. Assumes “non Euro currency” Europe, ie Switzerland, Turkey, Norway, Denmark, Sweden and Eastern Europe are ca 3% of revenue and Canada is 1.5% of revenue.

<sup>4</sup> IPG. Assumes Canada is ca 1.5% of revenue.

<sup>5</sup> Rest of World. Asia Pacific, Latin America, Middle East and Africa.

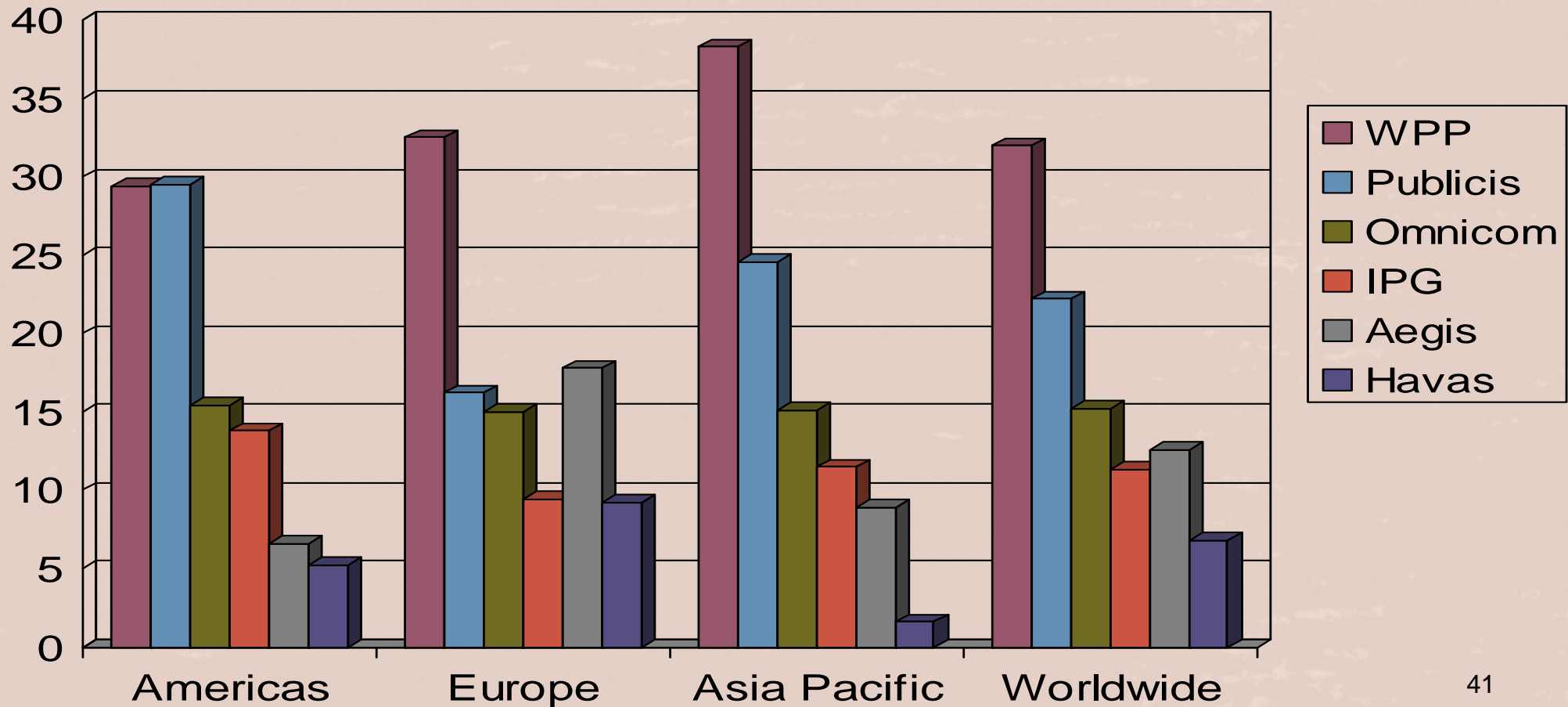
<sup>6</sup> Aegis. EMEA and Asia = \$1.6 bn.



# Key Priorities, Objectives and Strategy

## Media Billings by Geography

Worldwide ranking by Group as % of the Six Groups

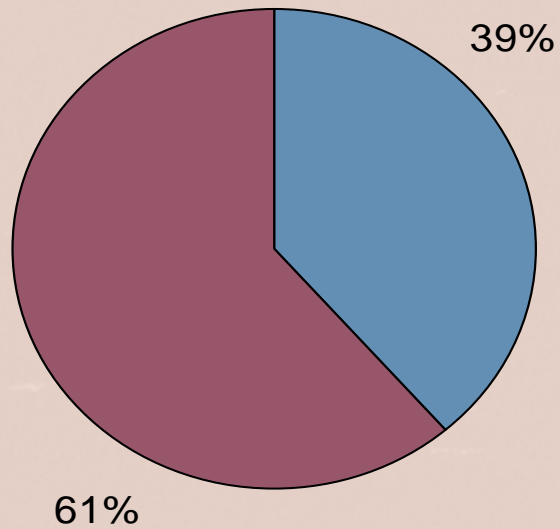


Source: RECMA July 2009 billings report, based on 2008 data.

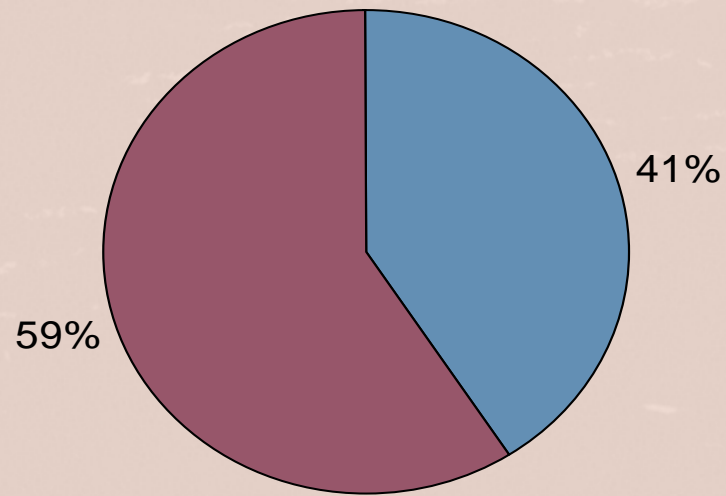
# Key Priorities, Objectives and Strategy

## Marketing Services to be Two Thirds of Total Group

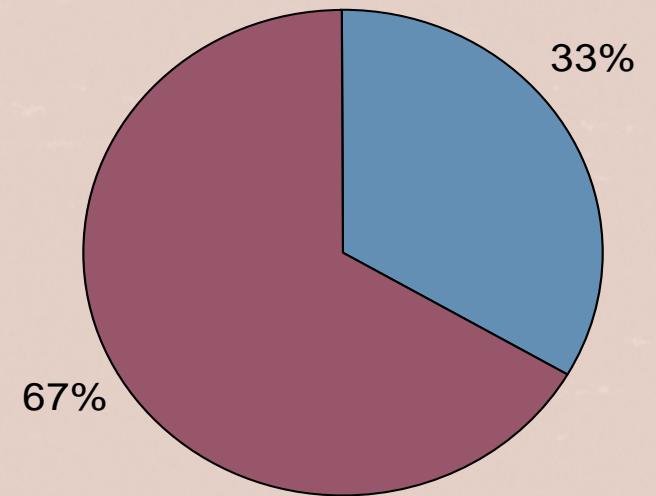
Today



Today including associates



Tomorrow

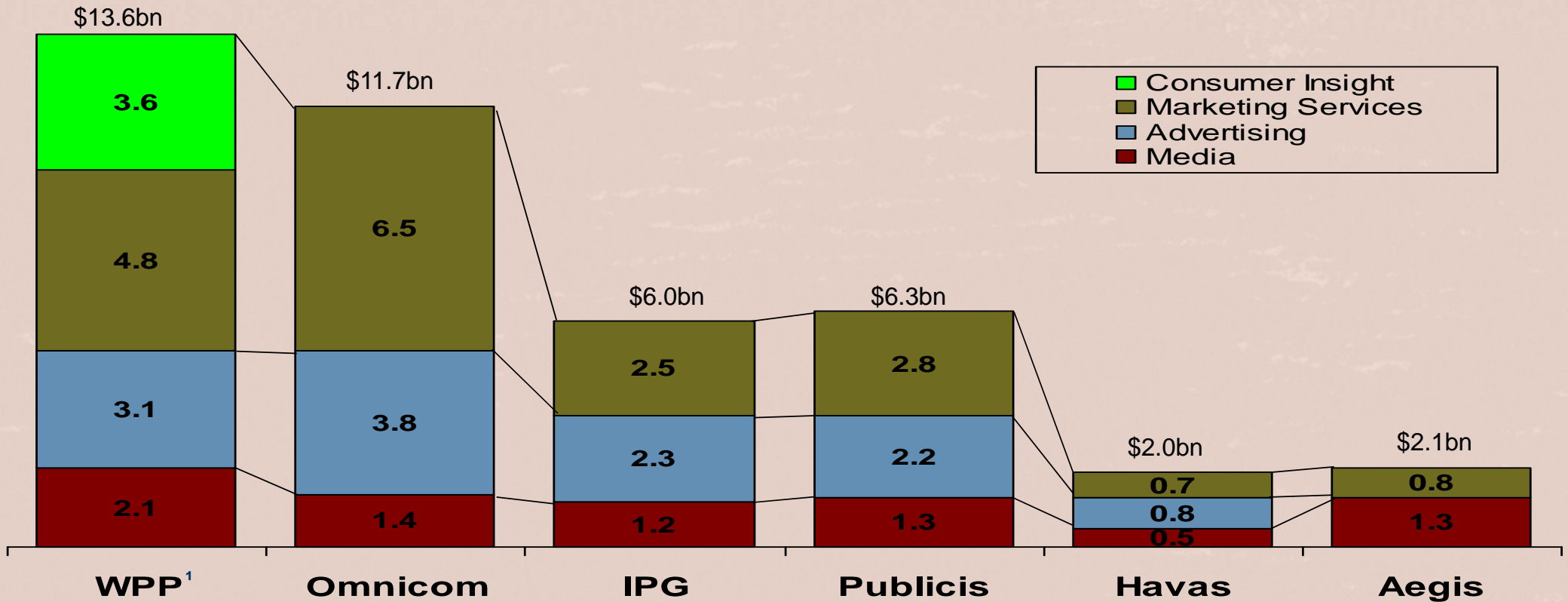


■ Marketing Services

■ Advertising & Media Investment Management

# Key Priorities, Objective and Strategy

## 2009 Revenue by Discipline



Source: <sup>1</sup> WPP reportable US \$'s per WPP preliminary results.

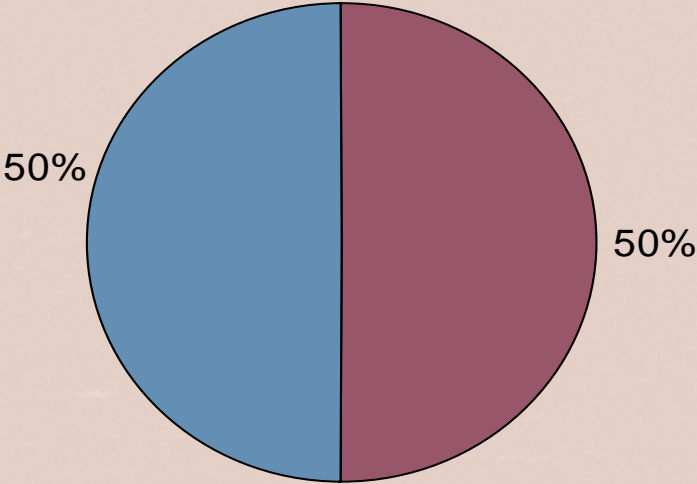
<sup>2</sup> 2009 company disclosures except: Aegis '09 consensus estimate revenue at '08 splits, Havas, and IPG media splits analyst estimates.

<sup>4</sup> FX. Havas and Publicis assumes \$1=€0.72 based on the average for 2009.

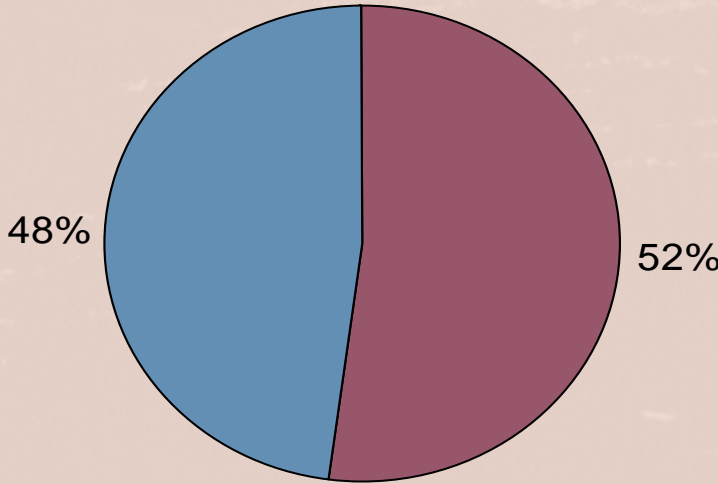
# Key Priorities, Objectives and Strategy

## Quantitative Disciplines to be One Half of Total Group

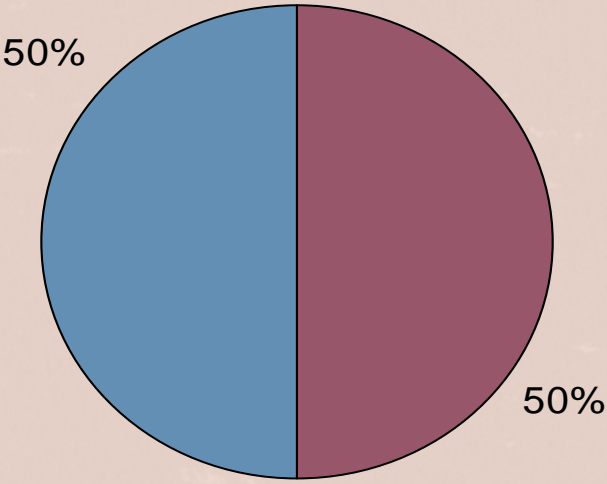
Today



Today including associates



Tomorrow



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

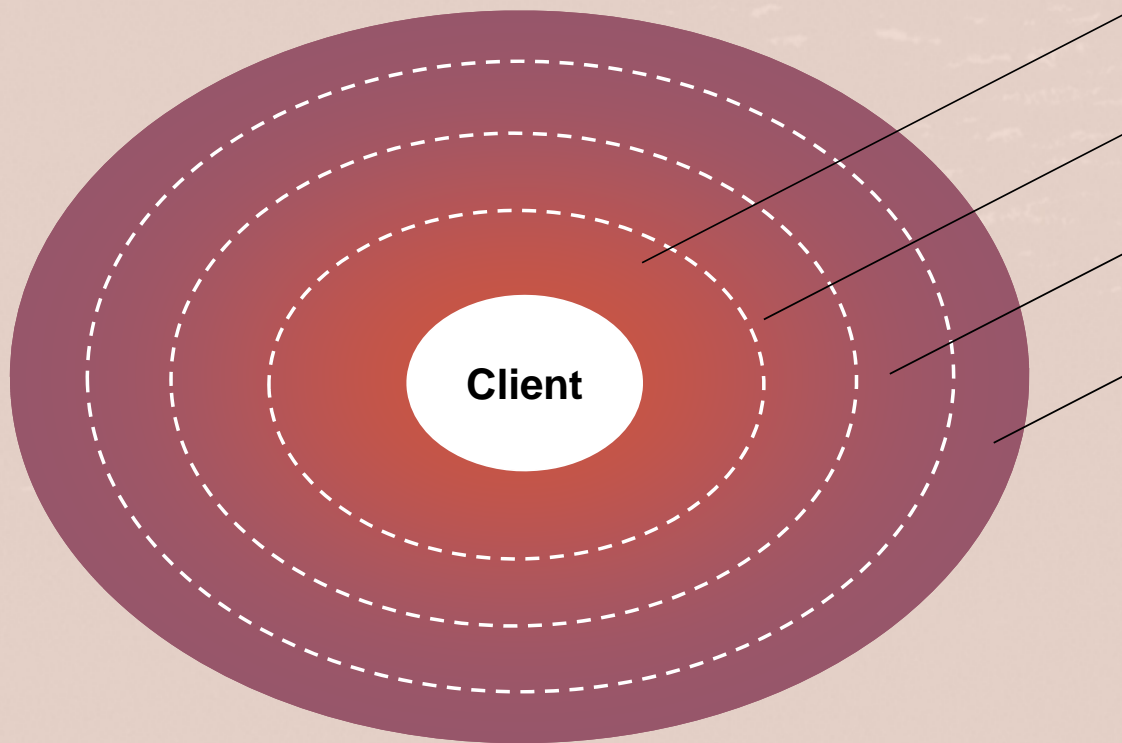
# Key Priorities, Objectives and Strategy

## WPP Position in Direct, Digital and Interactive

	\$'m
Direct, Digital and Interactive Networks (OgilvyOne, Wunderman, G2 and WPP Digital)	2,112
<i>% of Group revenues</i>	<i>15%</i>
Specialist Direct, Digital and Interactive resources:	
- Consumer Insight (Millward Brown, TNS/RI and Lightspeed)	798
- GroupM	349
- Other	385
<b>Total 2009</b>	<b>3,644</b>
<i>% of Group revenues</i>	<i>27%</i>
<b>Total 2008</b>	<b>3,743</b>
<i>% of Group revenues</i>	<i>26%</i>

<sup>1</sup> Revenues are converted into US\$ at 2009 constant rates. 2008 revenue has been adjusted to include a full year of TNS.

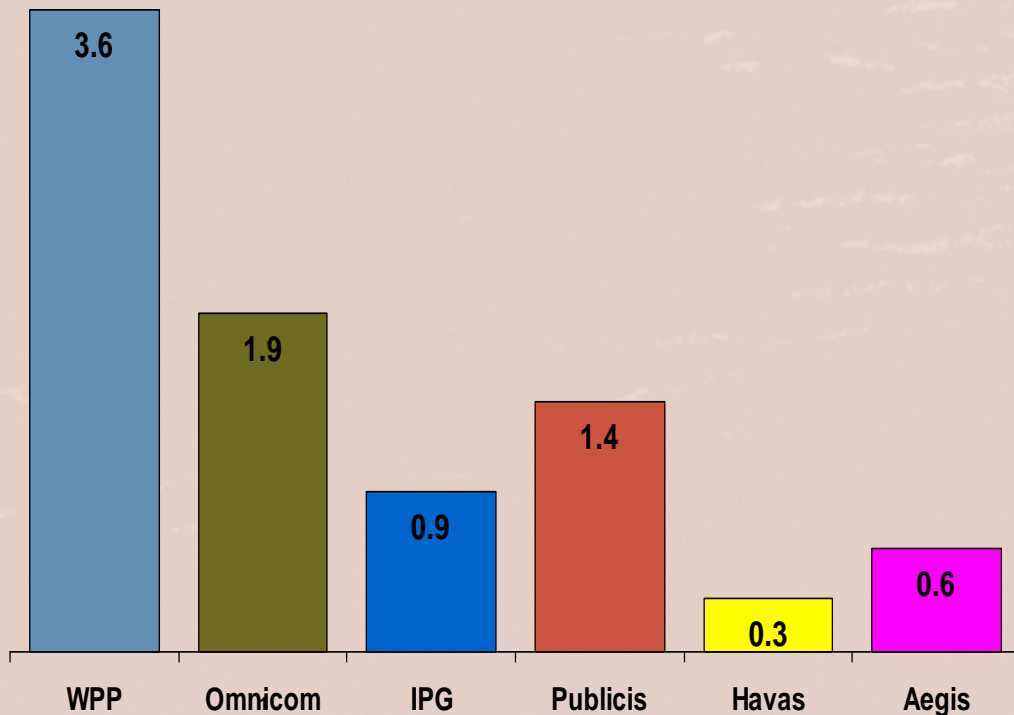
# WPP's digital Strategy: Creativity, Media and Technology



1. Digital in all our businesses
2. Specialist digital expertise and resource
3. Global integrated technology platforms – a competitive advantage for clients and WPP
4. Technology Investments and Partnerships: open approach to industry partnerships, eg Google, Yahoo!, Microsoft, Facebook, MySpace and Omniture

## Digital in all our businesses Global scale and quality

Revenues \$'billion



- Most significant resource in peer group (geographic spread, strength of brands and size)
- Only Group with more than one “Leader” in Forrester’s Interactive Agency Report – and we had **three** (Ogilvy, Wunderman, VML)
- GroupM is No. 1 search and digital media buyer
- Strong Kantar digital businesses – eg Compete, Cymfony, Dynamic Logic, Lightspeed

<sup>1</sup> Peer digital revenue according to Ad Age %’s applied to FY US\$ revenue.

<sup>2</sup> Publicis adjusted to include Razorfish for a full year.

# WPP Digital Specialist and Network Resources

## Global reach and strong local brands





# Technology Changing Marketing

## Hundreds of Companies Clutter the Market



# Integrated Technology

Proprietary tools order the digital ecosystem

## Networks



## Publishers



## Data Providers

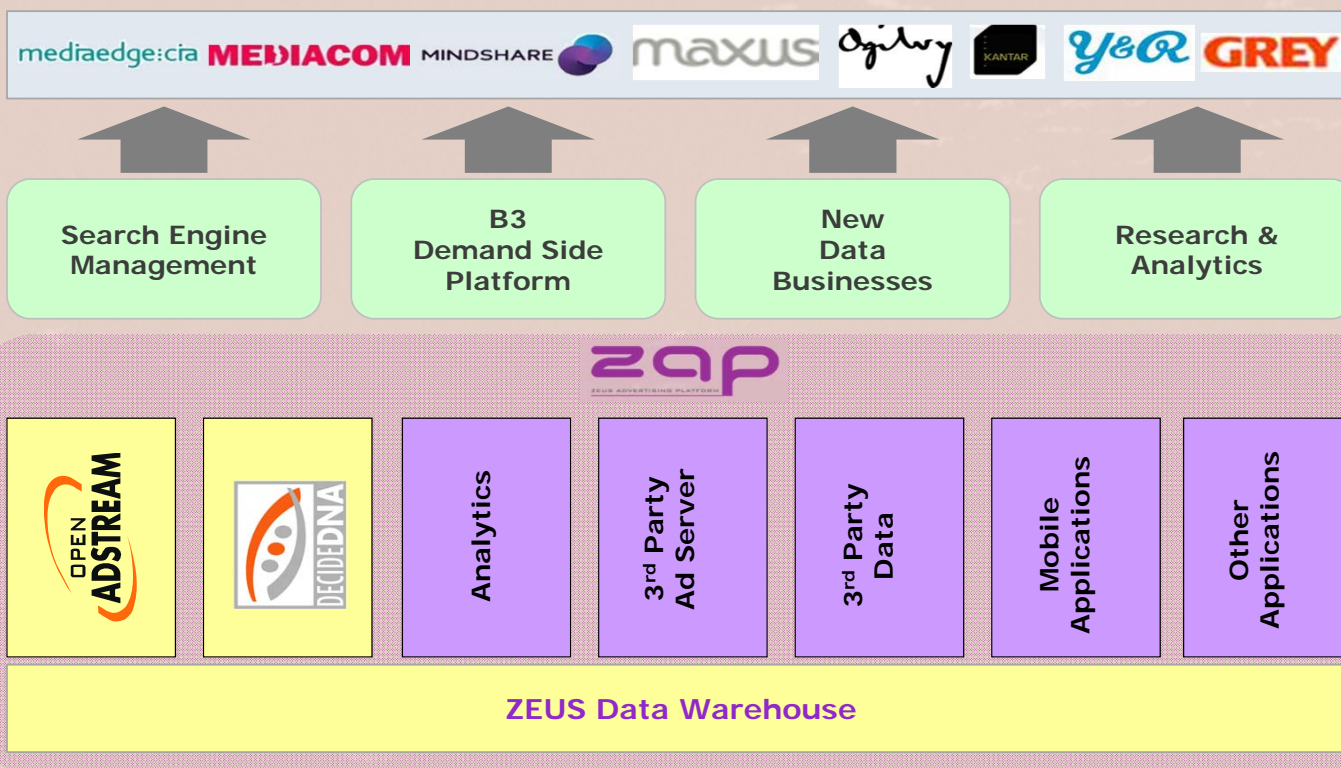


## Technology Vendors



# Integrated Technology

Proprietary technology drives new business opportunities



The ZEUS Advertising Platform (ZAP) integrates providers of:

- Technology
- Data
- Inventory

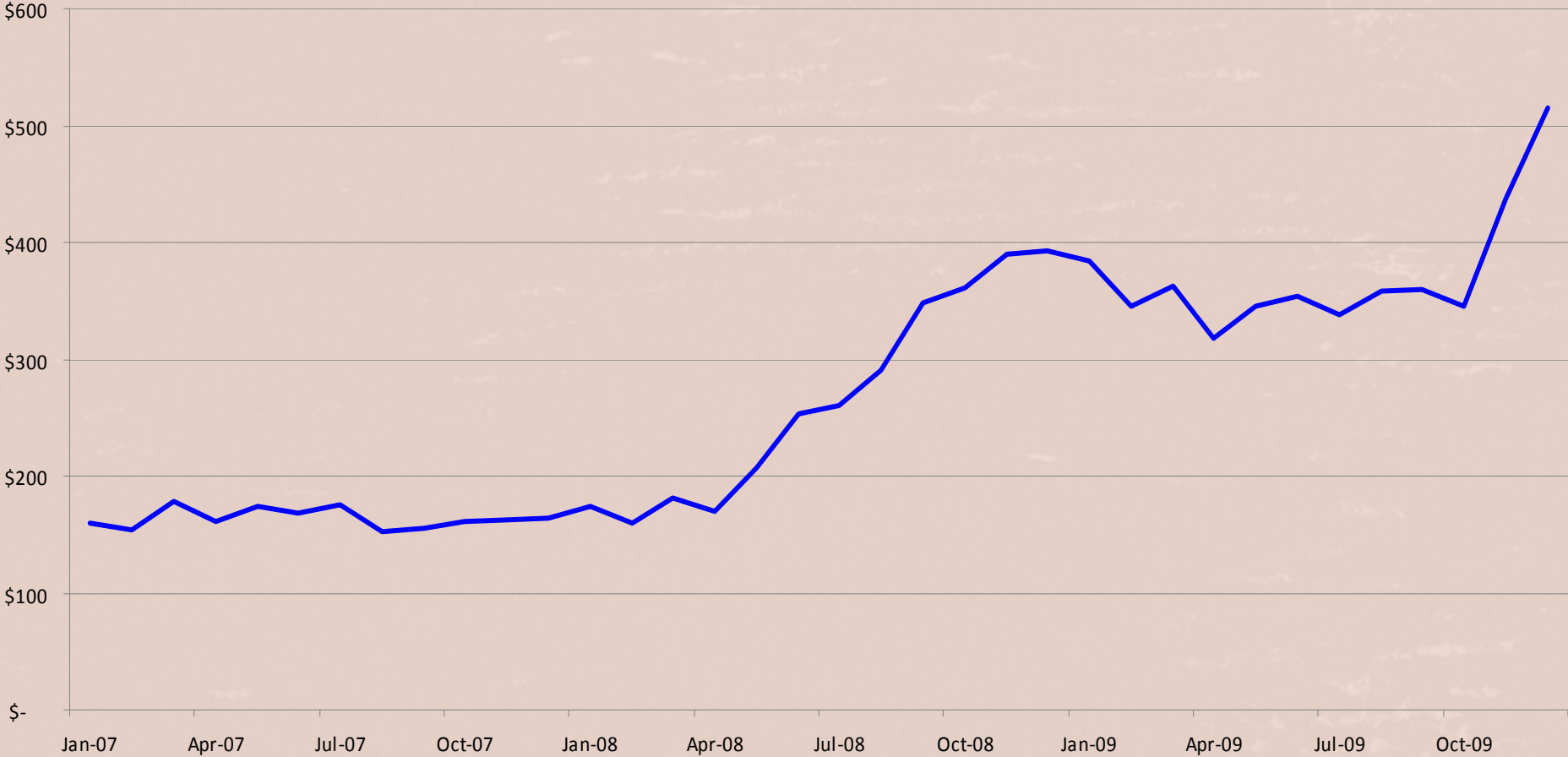
Unified agency interface with external technology companies.

Maximises advertising campaign performance

# Proprietary Technology Drives Client Success

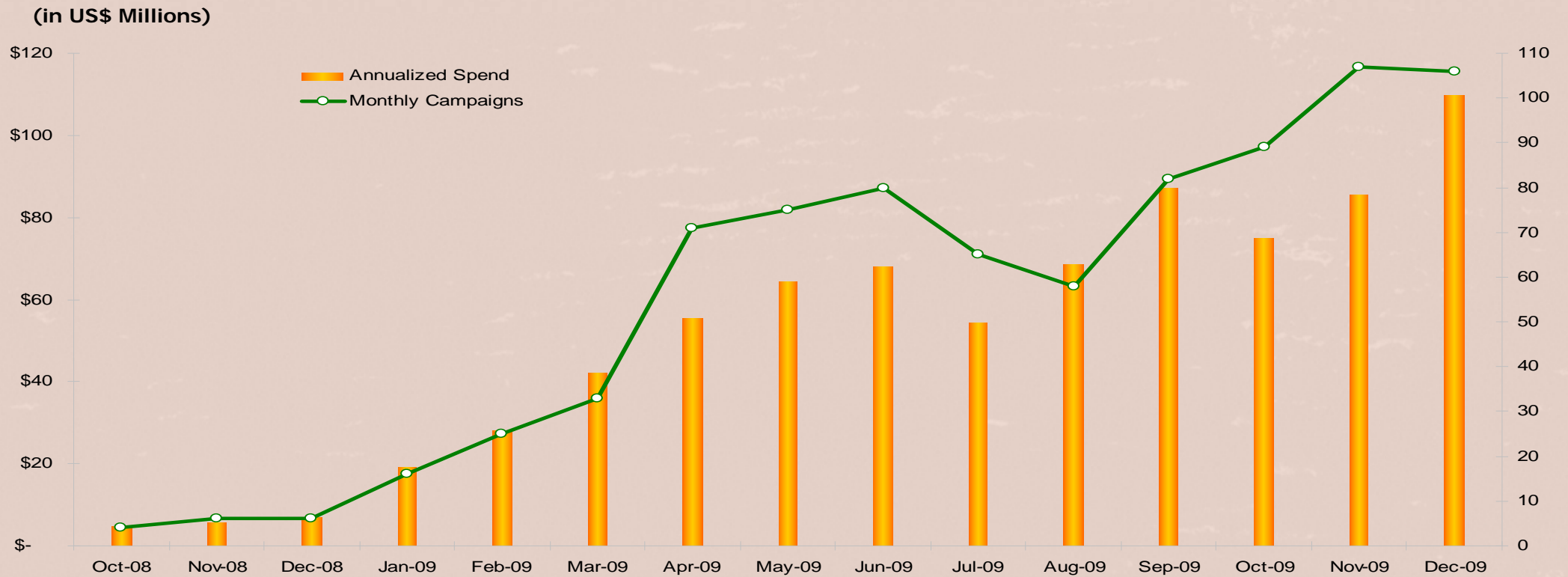
Search spend under management exceeds \$500m run rate

(in US\$ Millions)



# Proprietary Technology Drives Client Success

## B3 is most successful DSP launch



# Key Priorities, Objectives and Strategy

## Proven at Scale



➔ 3B impressions per month; 70+ campaigns



➔ 2,400 campaigns; 3.9M survey respondents



➔ 3m websites, 16m search terms each month



➔ Managing \$520m annualised search billings at end of '09



➔ 80+ clients; hundreds of campaigns



➔ 160m unique visitors: No7 Comscore US network



➔ 150 clients, 40% from WPP

# Key Priorities, Objectives and Strategy

## Digital Strategy

- ✧ \$3.6bn in digitally driven revenues – strongest position in interactive agency space
- ✧ Proprietary technology combined with industry partnerships improves client campaign effectiveness:
  - \$680m in digital spend on WPP platforms
  - Ability to use data across third party and internal platforms
  - Access across partners to a common data warehouse
- ✧ A Platform better equips WPP to manage changing industry landscape

*On 23 April 2010 WPP will hold a specific Digital Day to share more detail on the approach*

## Key Priorities, Objectives and Strategy

### TNS Integration

- ✧ TNS has been integrated with Kantar during 2009 with TNS Custom business merged with RI.
- ✧ Other TNS businesses merged with other Kantar businesses to form Kantar Media, Kantar Worldpanel, Kantar Retail and Kantar Health.
- ✧ At December 2009 the annualised synergy benefit exceeds £40m; project on track to deliver revised merger benefits target of annualised £60m or more in 2011 (original commitment £52m).



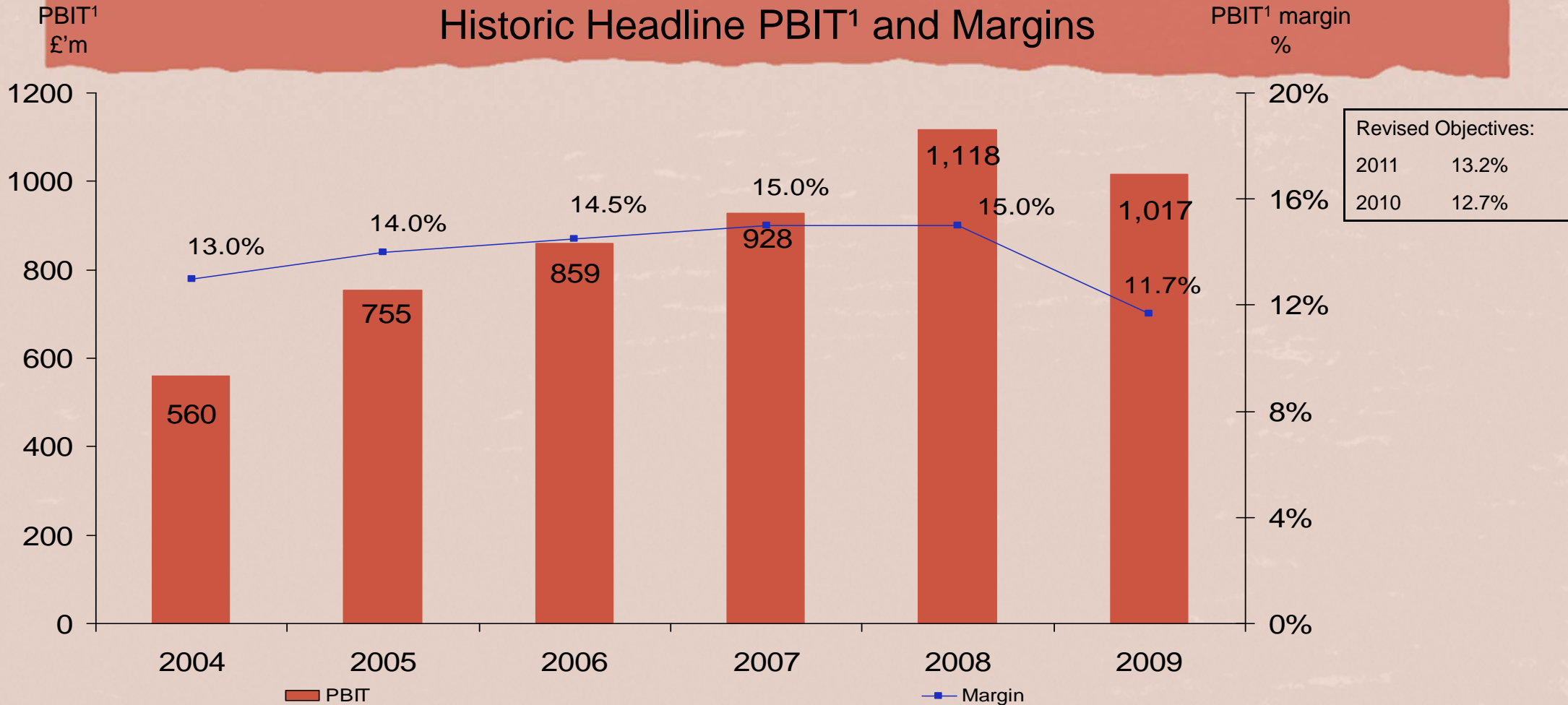
# Key Priorities, Objectives and Strategy

We continue to focus on our key objectives

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

# Key Priorities, Objectives and Strategy

## Historic Headline PBIT<sup>1</sup> and Margins

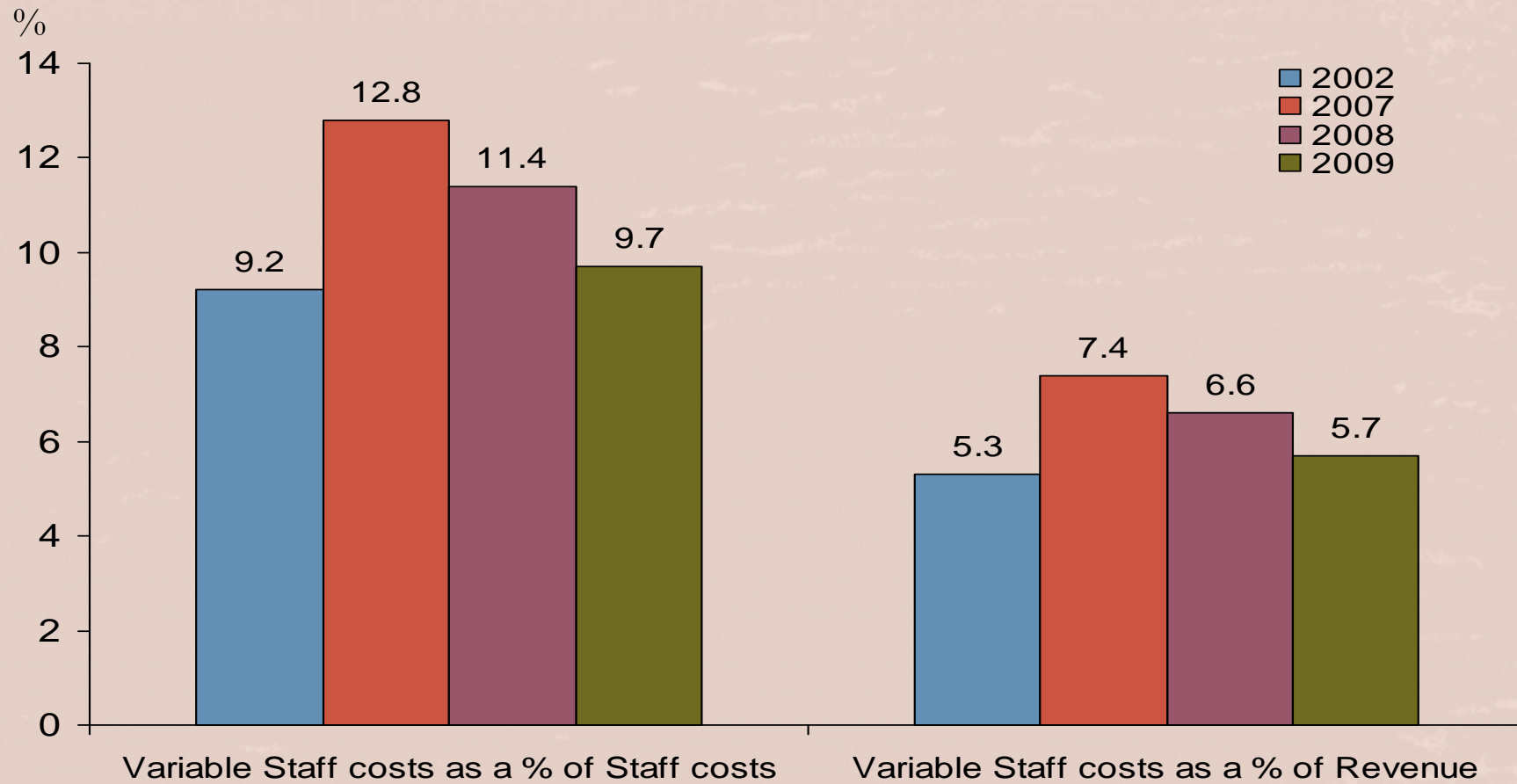


1. Headline PBIT excludes finance income/ costs and revaluation of financial instruments, taxation, goodwill and intangibles charges, investment gains/losses, and share of exceptional gains/losses of associates.

# Key Priorities, Objectives and Strategy

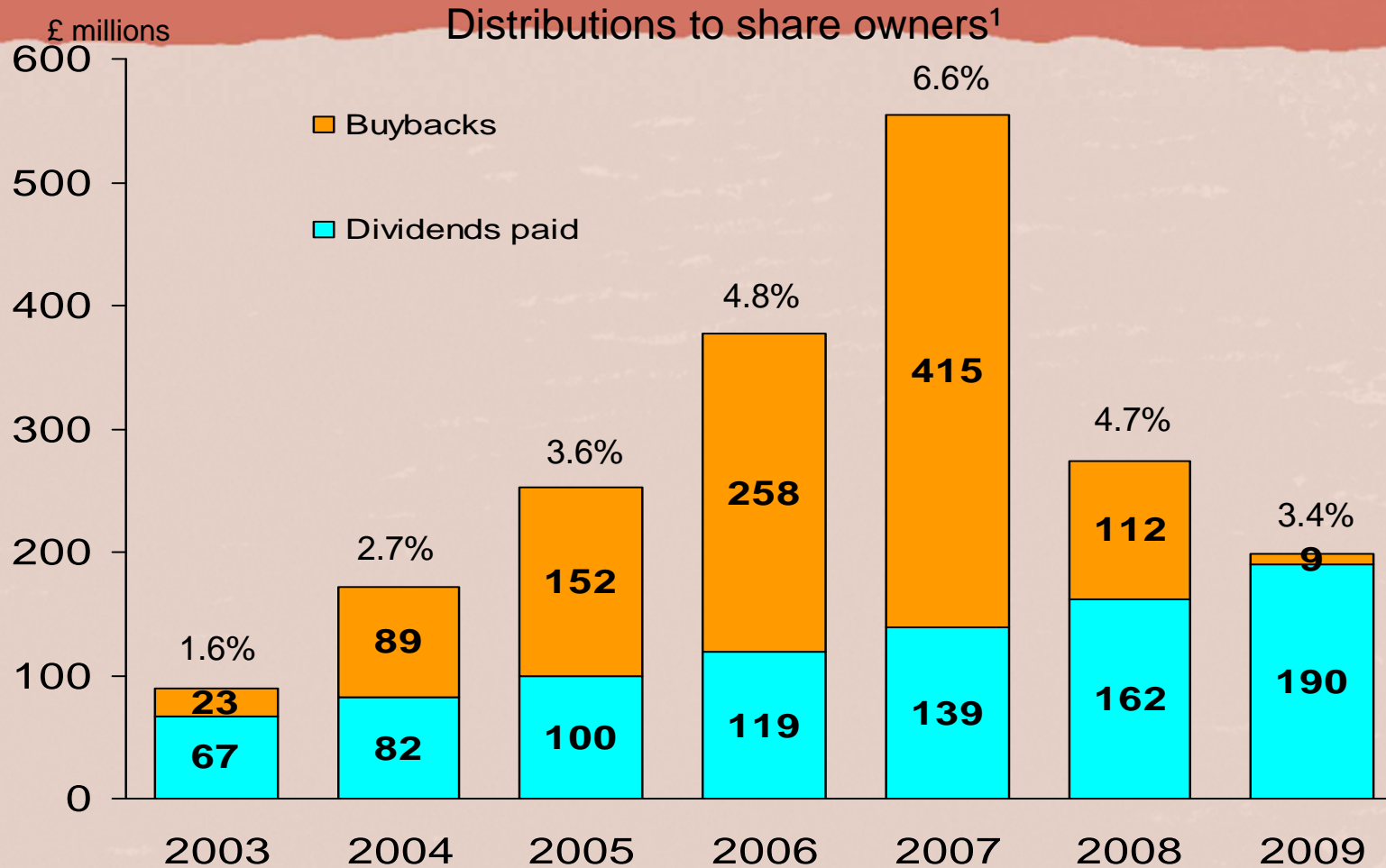
Increasing flexibility in the cost base

Change in variable costs



# Key Priorities, Objectives and Strategy

## Using Free Cashflow to Enhance Share Owner Value



<sup>1</sup> Sum of share buybacks 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

## Using Free Cashflow to Enhance Share Owner Value

### Acquisitions

- ✧ Continue to focus on the faster growing geographical areas and marketing services, particularly direct, digital & interactive and consumer insight.
- ✧ During 2009, 13 small and mid size acquisitions were completed in executing this strategy.
- ✧ Acquisitions in advertising used to address specific client or local agency needs.
- ✧ We continue to find opportunities at earnings enhancing multiples, particularly outside the USA.

# Key Priorities, Objectives and Strategy

## Acquisitions<sup>1</sup> and Investments

### Faster Growing Markets

H&K Feedback (Poland)  
Jupiter Drawing Room (S. Africa)  
MDS (China)  
Smart Media (Vietnam)  
Smollan Group (S. Africa)  
T&A (Vietnam)

CBC<sup>2</sup> (China)  
M-INTERACTION (Thailand)  
Saffron Hill (Singapore)

### Quantitative and Digital

Danone CRM (France)  
H-art (Italy)  
Index Ventures<sup>2</sup> (UK)  
Omniture<sup>2</sup> (USA)  
Red Dot Square (UK, USA)  
Video Egg Series E<sup>2</sup> (USA)  
Hogarth (UK)

**Healthcare**  
Lob Conseils (France)

<sup>1</sup> Excludes equity step ups

<sup>2</sup> Investment

# Key Priorities, Objectives and Strategy

Improving the Creative Capabilities and Reputation of all our Businesses

- ✦ By placing greater emphasis on recruitment.
- ✦ By recognising creative success tangibly and intangibly.
- ✦ By acquiring highly regarded creative businesses.
- ✦ By placing greater emphasis on awards.
- ✦ 2<sup>nd</sup> as a Group at Cannes for the second year in succession, narrowing the gap to first place.



# WPP

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Conclusions





# Conclusions

## 2009 Summary

- ✧ Businesses reacted too slowly to the rapid Q2 revenue deceleration to -10.5% in Q2 from -5.8% in Q1.
- ✧ In H2 headcount reductions and cuts in discretionary spend exceeded the revenue decline and costs came into line.
- ✧ H2 2009 margin, including the cost of severance, was flat with H2 2008 margin despite 7.9% like-for-like revenue decline.
- ✧ Cash flow strongly positive and balance sheet shows £2.2bn of cash and secured credit facilities at year end.
- ✧ Strong net new business in 2009.

## Conclusions Outlook

- ✧ Industry has moved from decline during 2009 to stabilisation for 2010.
- ✧ GroupM forecasts global advertising will rise 0.8% in 2010 (fall of 6.6% in 2009) and marketing spending will fall 2% (fall of 8% in 2009).
- ✧ WPP Group January like-for-like revenue growth almost flat.
- ✧ 2010 budget indicates flat revenue outlook with target of 1.0 margin point improvement.
- ✧ Budgets indicate slightly weaker H1, with stronger H2. Q2 first positive like-for-like growth since Q4 2008.
- ✧ Margin improvement driven by 2010 impact of 2009 actions and lower severance moderated by budgeted salary increases and bonus.
- ✧ Very strong new business inflow in first two months of 2010.

## Conclusions

- ✧ The Group is well placed by region and discipline to benefit from industry trends.
- ✧ Digital structure and tools will enable Group to help clients optimise activity in the digital ecosystem and build unique advantage.
- ✧ 2009 cost reductions and H1 2010 planned actions leave the Group ready to leverage revenue growth to enhance margins and grow EPS.
- ✧ As the world exits the financial crisis, the Group's strategic focus on new markets, new media, consumer insight and the application of technology will prove to be even more effective.



# WPP

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Other Financial Information (Hard Copy Only)



## Results for 2009

### Second Half Operating Expenses

(like-for-like Sterling <sup>1</sup> £'m)	2009	2008	% B/(W)
Revenue	4,395	4,762	-7.7
Gross Margin	4,026	4,374	-8.0
Staff Cost	2,454	2,693	8.9
Establishment	342	319	-7.2
Other G&A	595	661	10.0
Total Operating Expenses	3,391	3,673	7.4

Severance charge of £59m (\$87m) for the second half or ca 1.3% of revenue, 0.4 margin points more than in 2008

<sup>1</sup> Based on WPP proforma reporting – 2008 adjusted for acquisitions and FX

## Results for 2009

### Pensions Deficit

£m	<u>2009</u>	<u>2008</u>
Deficit B/F	<b>(272)</b>	<b>(135)</b>
Service cost	(22)	(17)
Deficit interest charge	(46)	(39)
Funding	48	44
Investment returns (net)	22	(50)
Acquisitions (TNS)	-	(16)
Other movements	(4)	(4)
Movements in the year excluding FX	(2)	(82)
Foreign exchange impact	22	(55)
Deficit C/F	<b><u>(252)</u></b>	<b><u>(272)</u></b>

## Results for 2009

### Earnout Accrual

<u>2009 Rollforward</u>	£m	<u>Expected Payments</u>	£m
<b>31 Dec 08</b>	<b>376</b>	2010	122
Earnouts paid	(82)	2011	93
Revised estimates	(11)	2012	40
New acquisitions	8	2013	5
Reduction excluding FX	(85)	2014	2
Foreign exchange impact	(29)	Total	<u>262</u>
<b>31 Dec 09</b>	<u><b>262</b></u>		

## Results for 2009

### Ordinary Shares - Basic

	December	December	
	2009	2008	
No. of Shares (million)	Actual	Actual	
1 January	1,255	1,191	
Share buybacks <sup>1</sup>	-	(19)	
Option exercise	1	2	
TNS	-	81	
31 December	1,256	1,255	-0.0%
Weighted Average	1,256	1,187	
ESOP, Treasury & Other	(37)	(43)	
Average Basic	1,219	1,144	-6.6%

<sup>1</sup> Buyback for cancellation



## Results for 2009

### Ordinary Shares – Diluted

No. of Shares (millions)	December	December	
	2009	2008	
	Actual	Actual	
Average Basic	1,219	1,144	-6.6%
Share Option Dilution	2	3	
Other Potentially Issuable Shares	17	16	
Sub-Total	1,238	1,163	
Convertibles: Grey \$150m <sup>1</sup>	-	7	
Fully Diluted Shares	1,238	1,170	-5.8%

<sup>1</sup> Prorata for 2008.

## Results for 2009

### Debt Maturity Profile £m

As at 31 December 2009

	Total Credit	Total Drawn	2010	2011	2012	2013	2014	2015	2016	2017	2020
£ bonds £200m (6.375% '20)	200	200									200
£ bonds £400m (6% '17)	400	400								400	
Eurobonds €750m (6.625% '16)	665	665							665		
Eurobonds €500m (5.25% '15)	444	444						444			
£ convertible £450m (5.75% '14)	450	450					450				
US bond \$650m (5.875% '14)	403	403					403				
US bond \$600m (8% '14)	372	372					372				
Eurobonds €600m (4.375% '13)	532	532				532					
Bank revolver <sup>1</sup> \$1,600m	991	56			56						
TNS notes retained <sup>1</sup> \$55m	34	34			19		15				
TNS acquisition revolver <sup>1,2</sup> £400m	400	0									
<b>Debt facilities</b>	<b>4,891</b>	<b>3,556</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>532</b>	<b>1,240</b>	<b>444</b>	<b>665</b>	<b>400</b>	<b>200</b>
<b>Net cash &amp; overdrafts</b>		<b>(916)</b>									
<b>Net debt</b>		<b>2,640</b>									

<sup>1</sup> These instruments are subject to financial covenants    <sup>2</sup> Amortising facility – maximum available £400m

# Key Priorities, Objectives and Strategy

Using Free Cash Flow to Enhance Share Owner Value

Dividends and Share Repurchases

⚙️ 2009 second interim dividend unchanged at 10.28p per share.

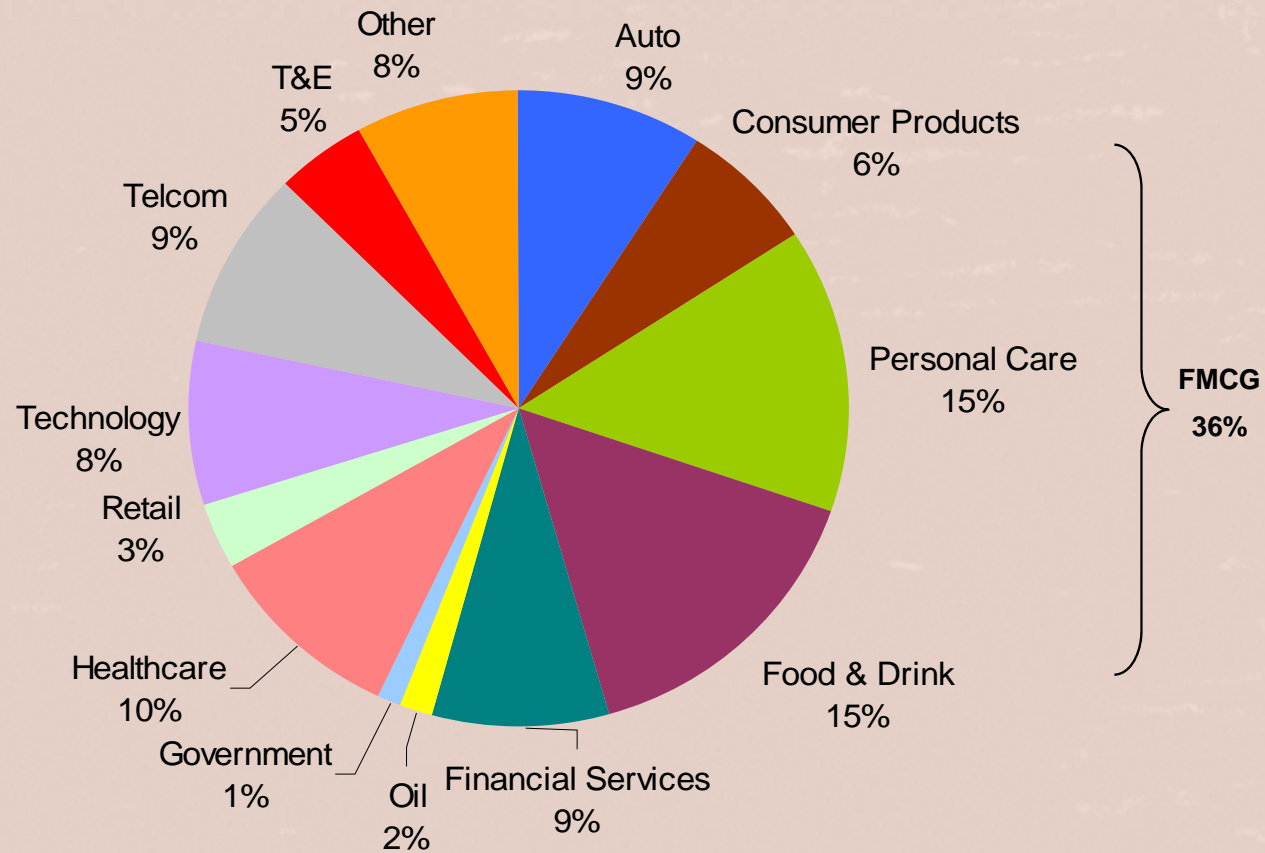
⚙️ Distributions to share owners:

	<u>Dividends Paid</u>	<u>Share Repurchases</u>	
		<u>Amount</u>	<u>% of Share Base</u>
2003	£67.0m	£23.1m	0.5%
2004	£81.7m	£88.7m	1.4%
2005	£100.2m	£152.3m	2.1%
2006	£118.9m	£257.7m	3.1%
2007	£138.9m	£415.4m	4.7% <sup>1</sup>
2008	£161.8m	£112.2m	1.6%
2009	£189.8m	£9.5m	0.2%

<sup>1</sup> Of which 4.6% relates to share cancellations.

# Results for 2009

## Revenue by Industry





# WPP

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Structure and Competitive Position (Hard Copy Only)



## WPP Today

- ✧ WPP is the world's largest communication services group with over 138,000 people (including associates) in over 2,400 offices in 107 countries worldwide.
- ✧ 354 of the Fortune Global 500, 28 of the Dow Jones 30, 60 of the Nasdaq 100 and 33 of the Fortune e-50 as clients. 443 clients in all four disciplines and over 327 clients in six or more countries.
- ✧ Quoted in London and on Nasdaq, with market capitalisation of around £7.8 billion.
- ✧ 35th in FTSE 100 Index, 4th in FT Top UK companies by turnover, 128th in Euro FT 300, 428th in Business Week Global 1200 and 483rd in Forbes Global 2000.
- ✧ The Group includes many of the best known brands in the industry.

# WPP Today

WPP has many of the best known brands in the industry  
Ranked 1 or 2 in all sectors in which it competes

Ogilvy & Mather Worldwide  
JWT  
Y&R Advertising  
United / Red Cell  
Grey

Mindshare  
Mediaedge:cia  
MediaCom  
KR Media <sup>1</sup>  
Maxus

Hill & Knowlton  
Burson-Marsteller  
Ogilvy Public Relations Worldwide  
Cohn & Wolfe  
Specialist Public Relations

TNS/ Research International  
Millward Brown  
BrandAsset Valuator and BRANDZ

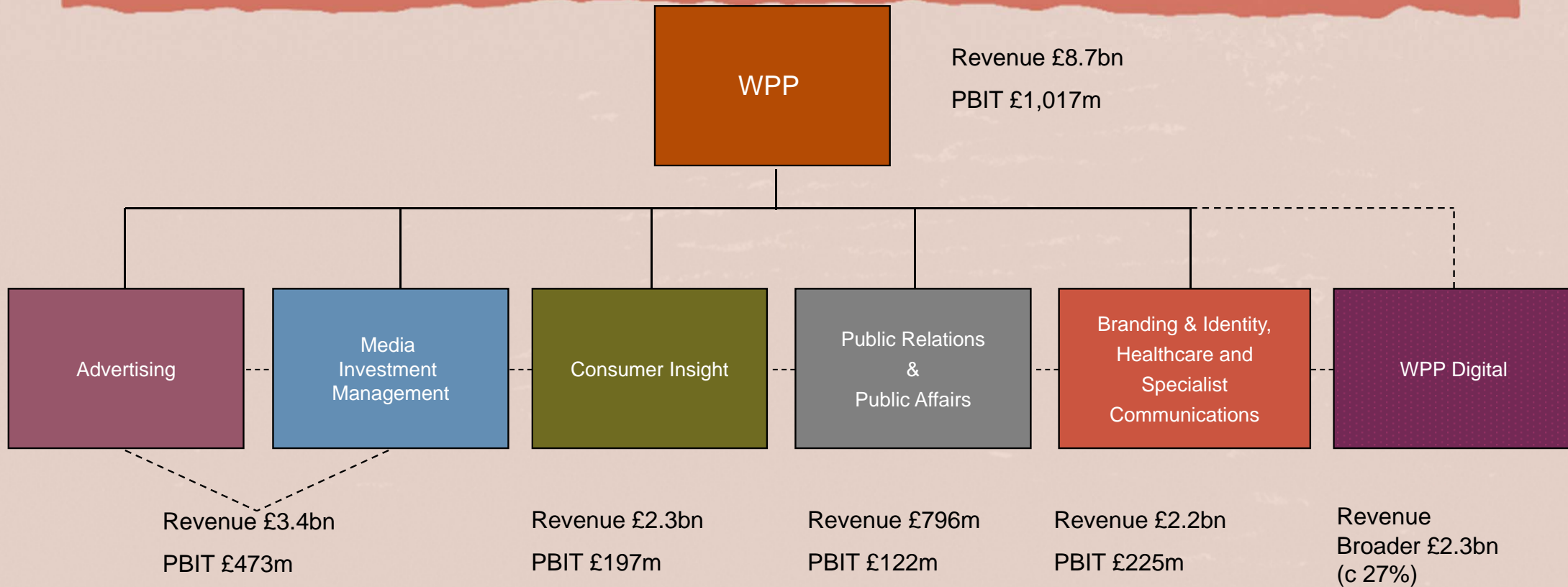
OgilvyOne  
Wunderman  
141 Worldwide  
G2  
24/7 Real Media

CommonHealth  
Sudler & Hennessey  
Ogilvy Healthworld  
Grey Healthcare Group

The Brand Union  
Landor Associates  
Fitch

<sup>1</sup> Associate

# WPP Today

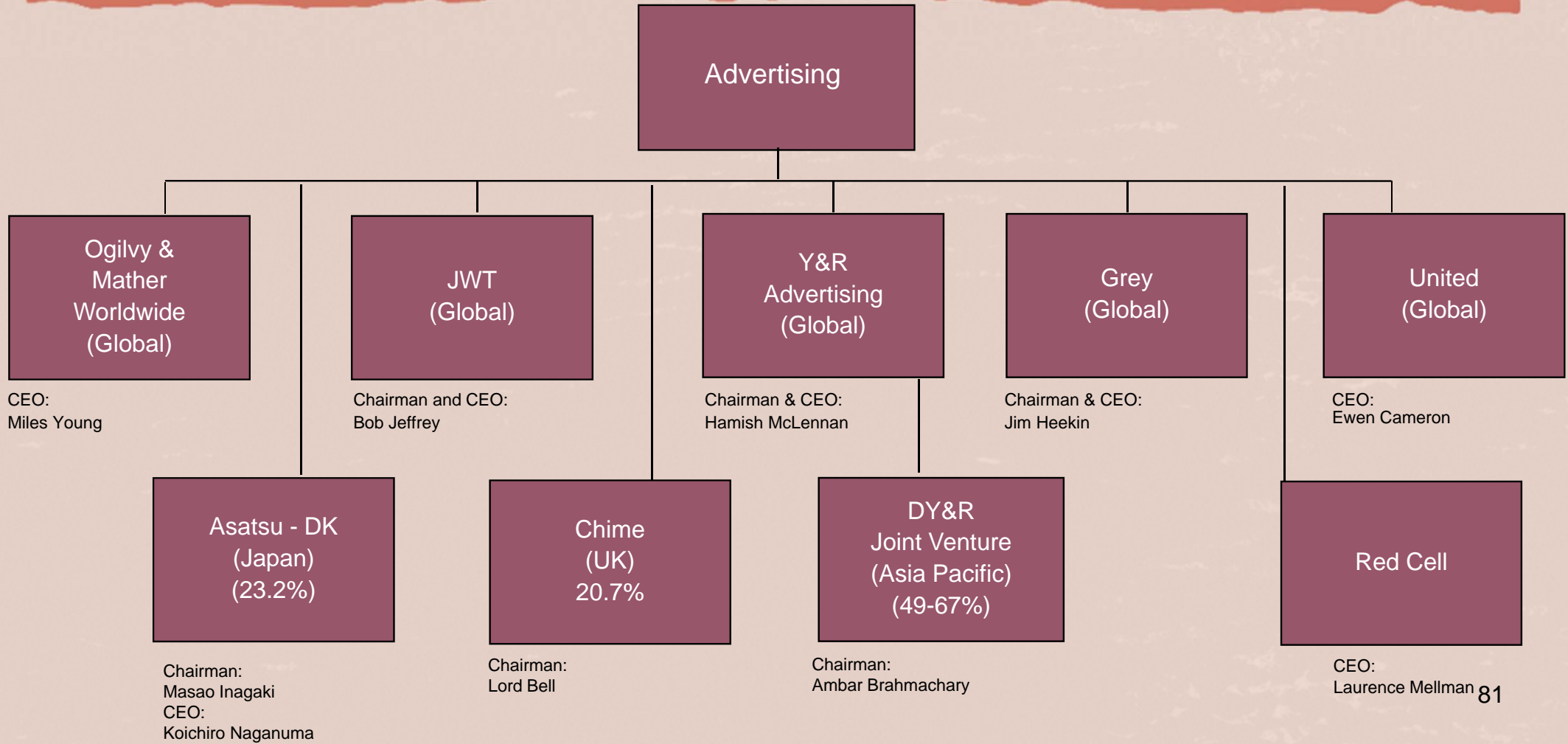


Revenue and PBIT figures are 2009 reported sterling actuals.

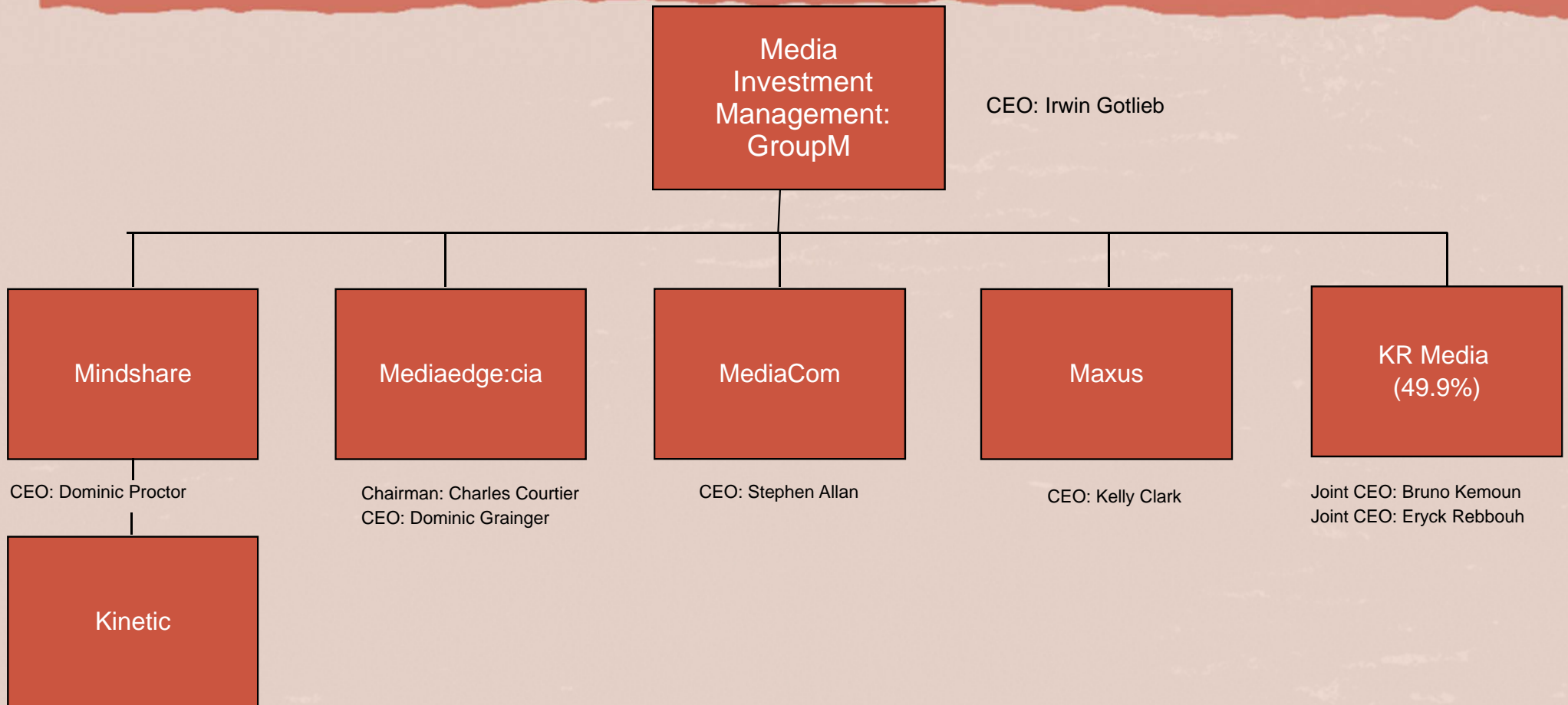
PBIT is stated before goodwill and intangibles charges, investment gains/losses and share of exceptional gains/losses of associates.



# WPP Today



# WPP Today



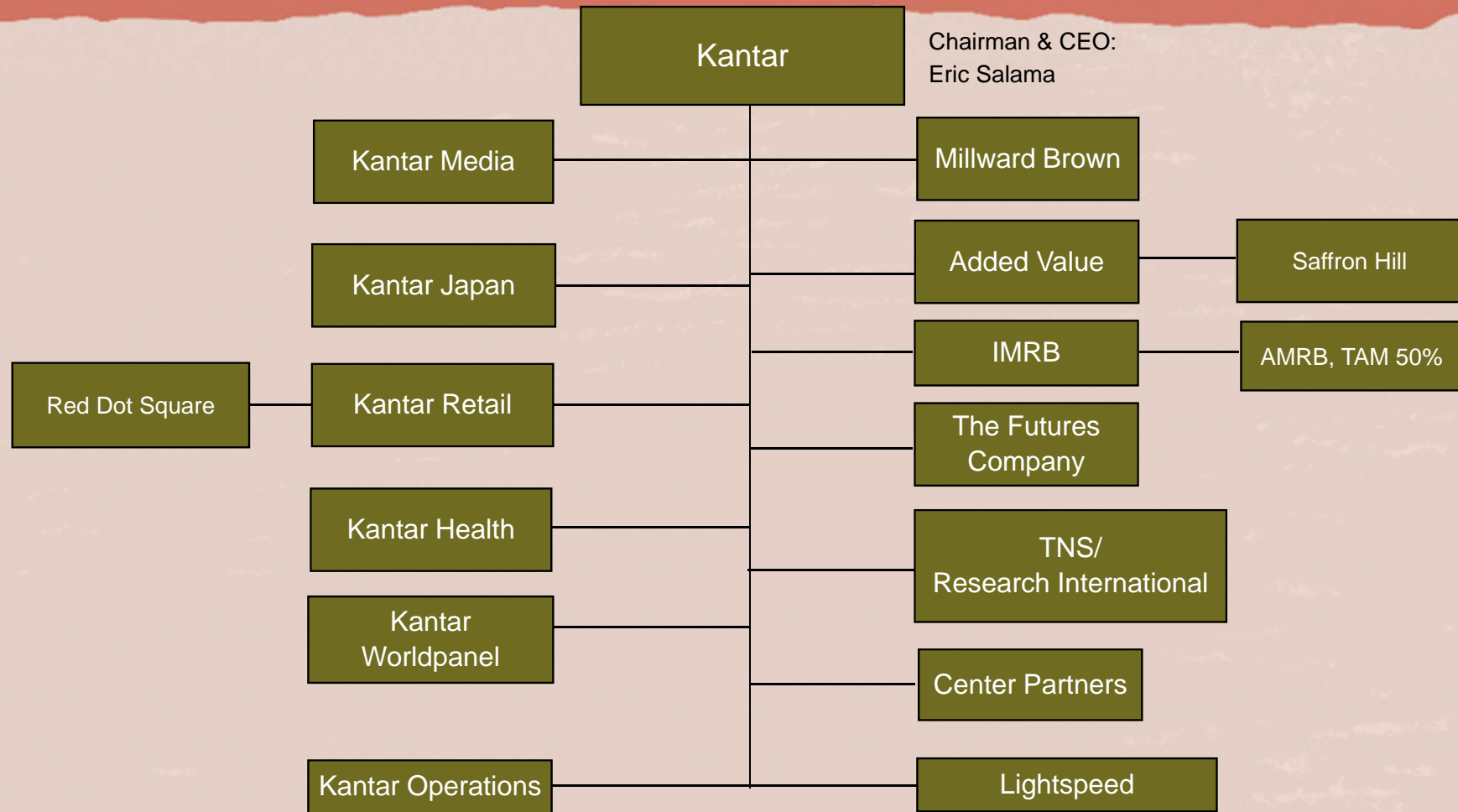
# WPP Today

## Media Investment Management - Competitive Worldwide Ranking

	<u>Americas</u>	<u>EMEA</u>	<u>Asia Pacific</u>	<u>Worldwide</u>
Mindshare	5	4	1	4
Mediaedge:cia	4	2	7	7
MediaCom	6	3	6	6
Maxus	12	13	10	13
GroupM	2	1	1	1

Source: RECMA Billings & Rankings 2008 Actual, published July 2009.

# WPP Today

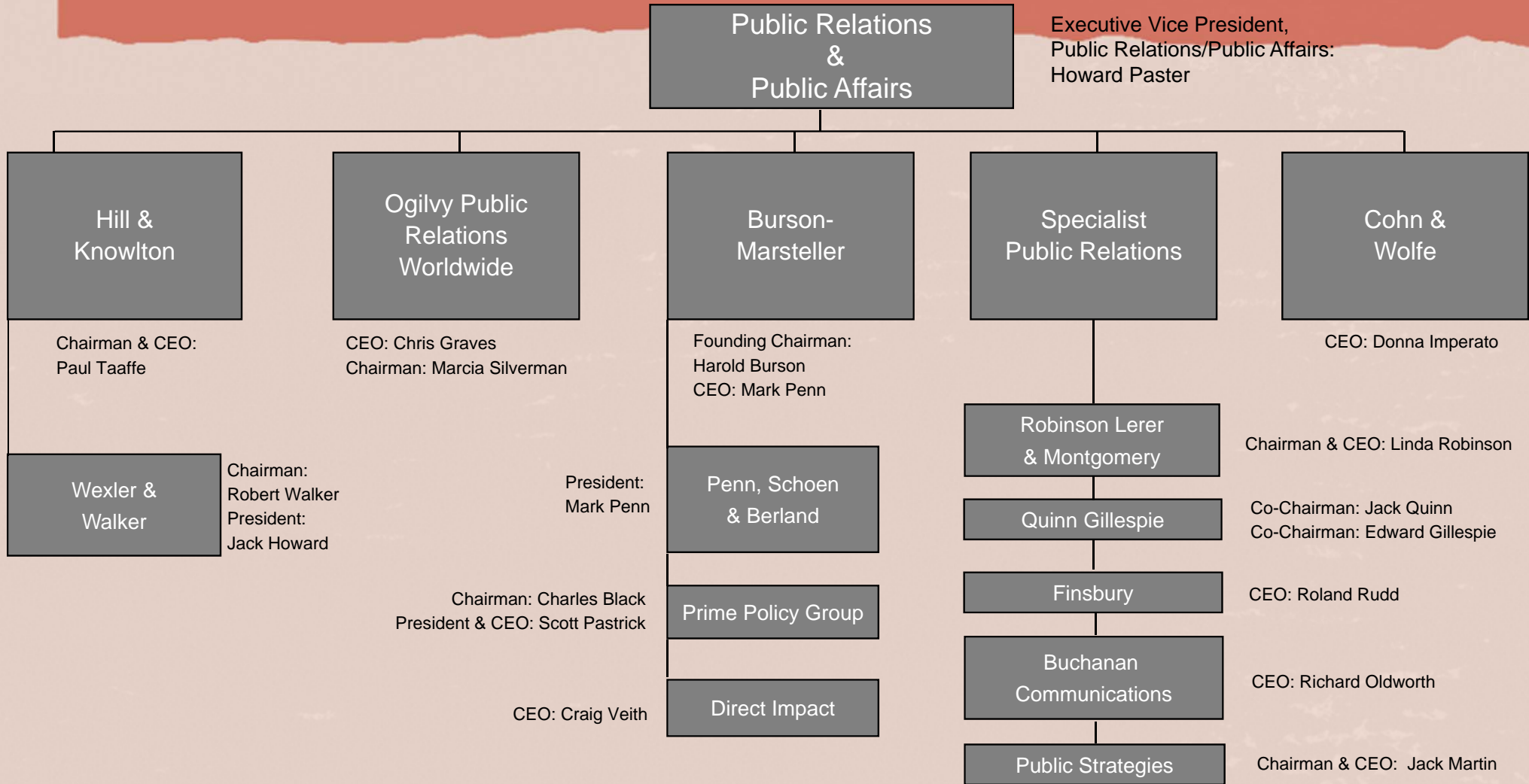


# WPP Today

## Consumer Insight – Worldwide Competitive Ranking

1. The Nielsen Company
2. Kantar
3. IMS
4. GfK
5. Ipsos
6. Synovate
7. IRI

# WPP Today



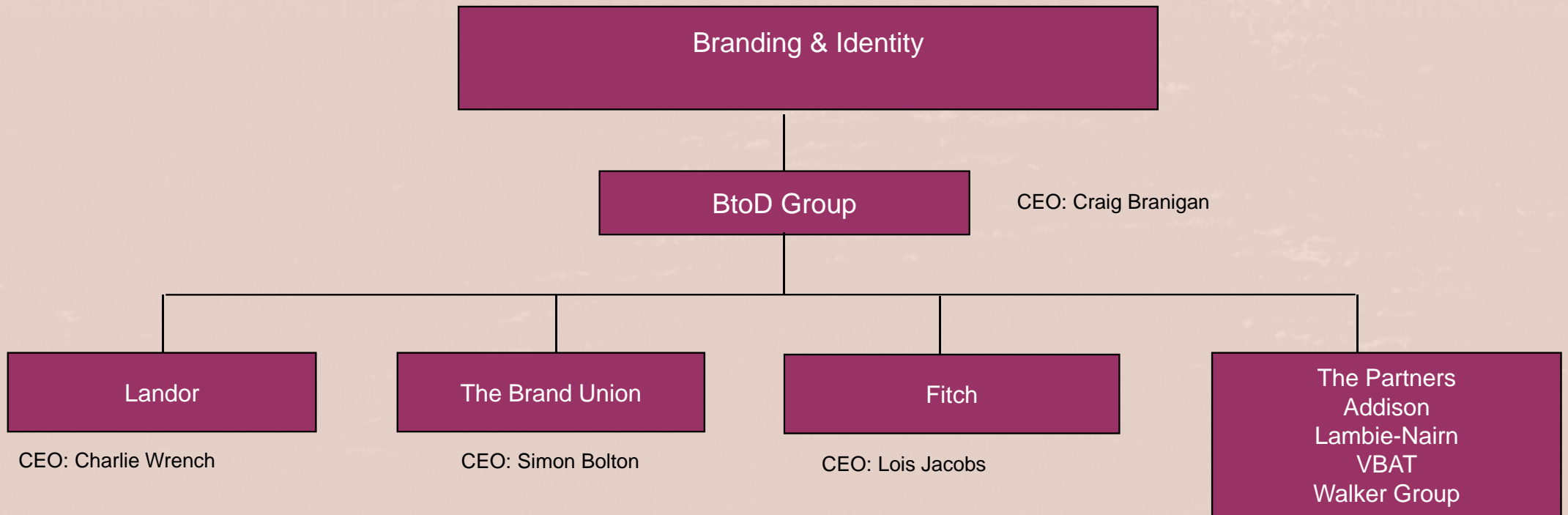
# WPP Today

## Public Relations & Public Affairs - Competitive Worldwide Ranking

	<u>Worldwide</u>
Hill & Knowlton	3
Burson-Marsteller	4
GCI	9
Ogilvy Public Relations Worldwide	10

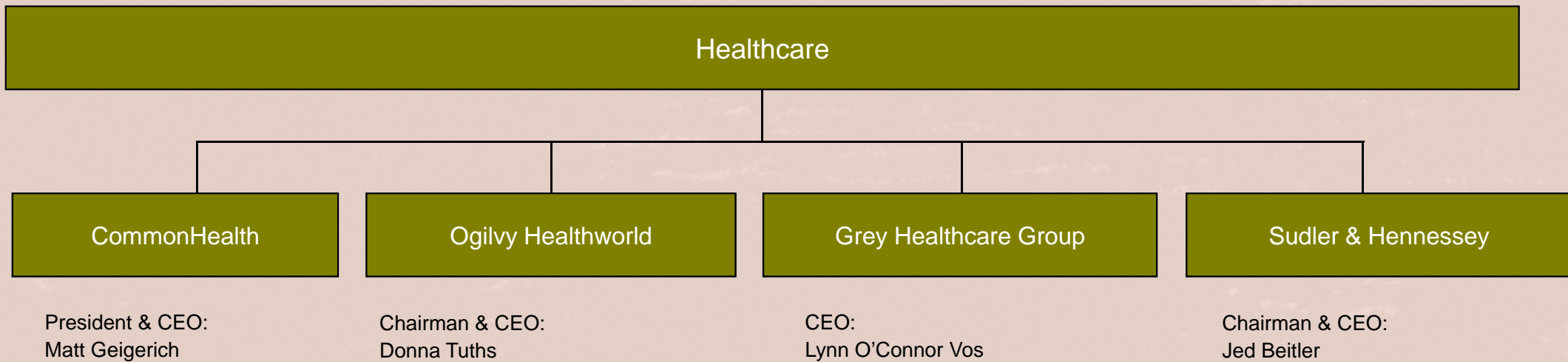
Source: Advertising Age, April 2002.

# WPP Today



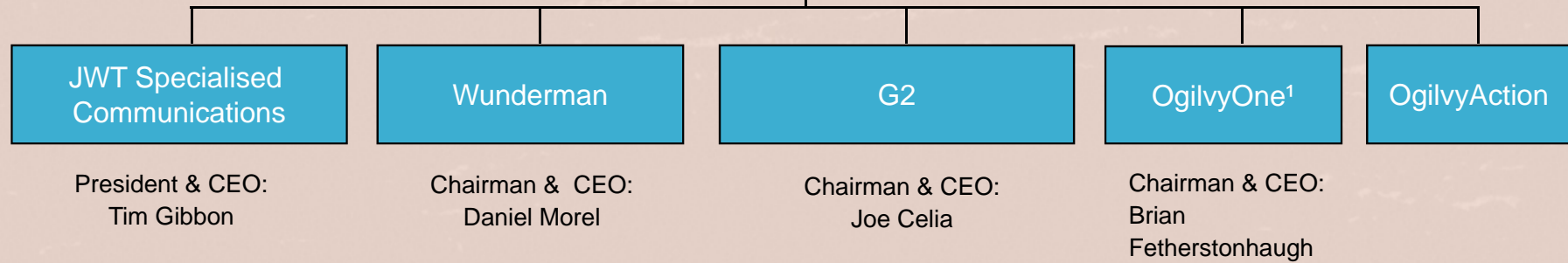


# WPP Today



# WPP Today

Direct, Digital and Interactive - Networks



<sup>1</sup> Includes Neo@Ogilvy

# WPP Today

Specialist Communications

Sports  
Marketing

Demographic  
Marketing

Relationship  
Marketing and  
Promotion

Industry Sector  
Marketing

Media, Technology  
& Production  
Services

# WPP Today

## Specialist Communications

### Relationship Marketing & Promotion

EWA  
Forward Group  
Mando Brand Assurance  
Brierley & Partners<sup>1</sup>  
Grass Roots<sup>1</sup>

### Demographic Marketing

The Geppetto Group  
Uniworld Group<sup>1</sup>

<sup>1</sup> Associate companies

# WPP Today

## Specialist Communications

Sports Marketing\_

Imagina<sup>1</sup>

Media, Technology &  
Production Services

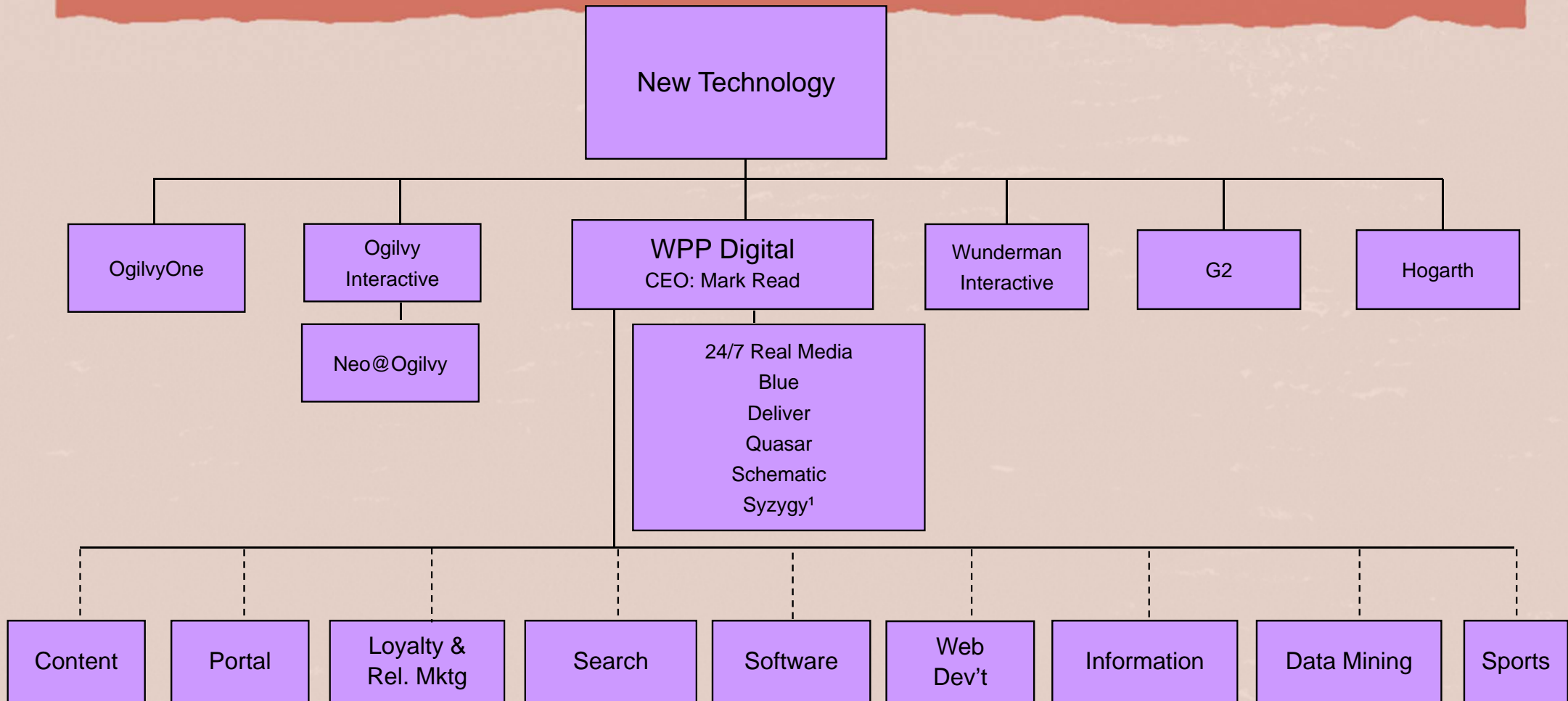
Metro Broadcast  
Spafax  
The Farm  
MJM Creative Services

Industry Sector  
Marketing\_

The Food Group  
Pace

<sup>1</sup> Investment

# WPP Today New Technology



<sup>1</sup> Associate company.



# WPP

Results for 2009  
London

March 2010

