



# WPP

## Trading Statement for Third Quarter 2016

London





# Contents

## 1 Third Quarter 2016

*Hard Copy only:*

## 2 30 Year History

## 3 Other Information





# 1 Third Quarter 2016



## Third Quarter 2016

### Highlights: Third Quarter and Year to Date

- Third quarter reported revenue up 23.4% at £3.611bn, 7.6% constant currency and 3.2% like-for-like.
- Third quarter net sales growth 23.6% reportable, 7.8% constant currency and 2.8% like-for-like.
- 9 month reported revenue up 15.8% at £10.147bn, 8.5% constant currency and 3.9% like-for-like.
- 9 month net sales growth 15.2% reportable, 8.0% constant currency and 3.4% like-for-like.
- Reported 9 month headline operating margin up 0.4 margin points and up 0.3 margin points constant currency in line with target for full year.
- Average constant currency net debt up £434m for first 9 months to £4.206bn, point-to point net debt only up £74m on same basis, reflecting significant working capital reduction.
- 9 month net new business wins £3.5bn compared to £3.2bn constant currency same period 2015.
- 9 month share buy-backs £342m (1.6% of share capital) compared to £588m same period 2015. Full year target 2.0-3.0%.

# Third Quarter 2016

## Summary – Revenue and Net Sales Growth

% Growth	Revenue		Net Sales	
	Q3	YTD	Q3	YTD
Like-for-like	3.2	3.9	2.8	3.4
Acquisitions	4.4	4.6	5.0	4.6
Constant currency	7.6	8.5	7.8	8.0
Foreign exchange	15.8	7.3	15.8	7.2
<b>Reportable sterling</b>	<b>23.4</b>	<b>15.8</b>	<b>23.6</b>	<b>15.2</b>
<b>Reportable US dollars<sup>1</sup></b>	<b>4.6</b>	<b>5.0</b>	<b>4.8</b>	<b>4.5</b>
<b>Reportable euros<sup>2</sup></b>	<b>4.2</b>	<b>4.7</b>	<b>4.5</b>	<b>4.2</b>
<b>Reportable yen<sup>3</sup></b>	<b>-12.3</b>	<b>-6.0</b>	<b>-12.1</b>	<b>-6.5</b>

<sup>1</sup> Translated into US\$, using among other currencies, average exchange rates of US\$/£ for Q3 2016 of \$1.31 (Q3 2015: \$1.55)

<sup>2</sup> Translated into Euros, using among other currencies, average exchange rates of €/£ for Q3 2016 of €1.18 (Q3 2015: €1.39)

<sup>3</sup> Translated into Yen, using among other currencies, average exchange rates of ¥/£ for Q3 2016 of ¥134 (Q3 2015: ¥189)

## Third Quarter 2016

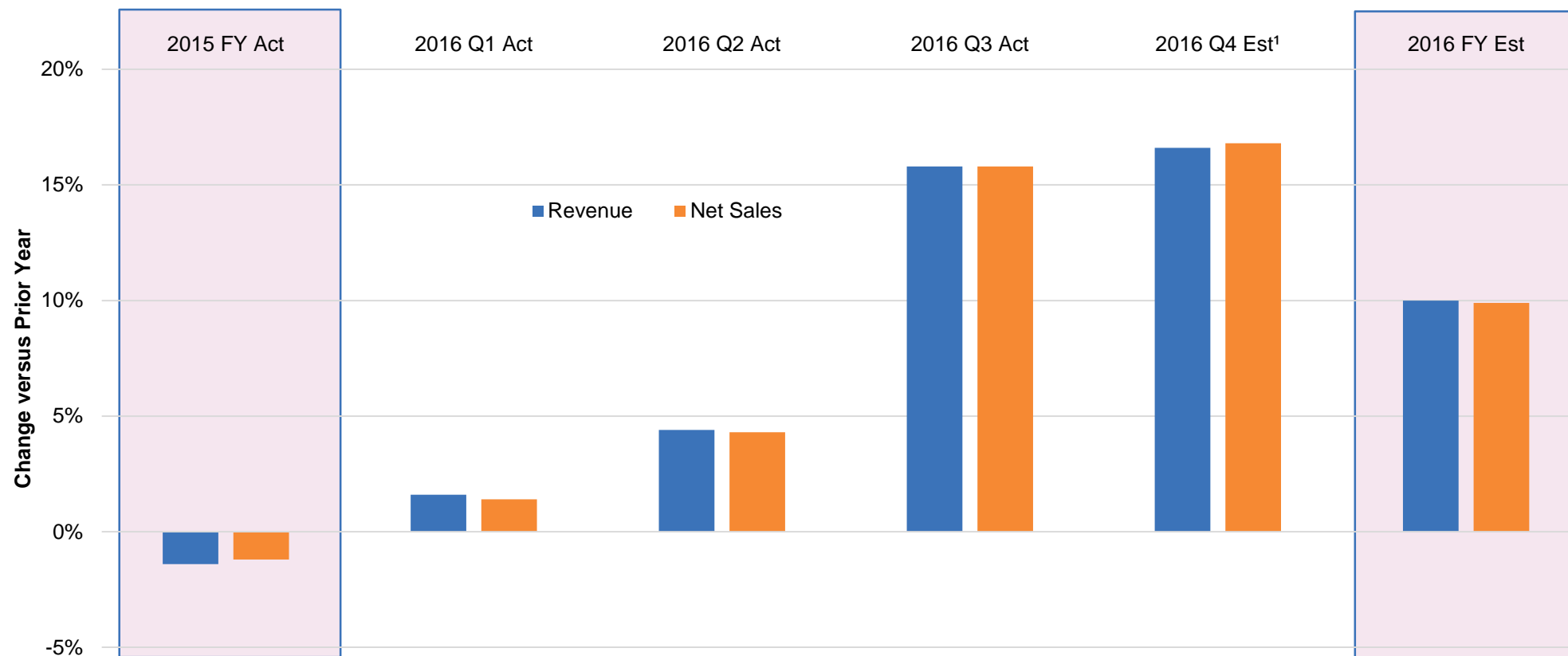
### Effects of Currency

- Currency movements accounted for 15.8% increase in reported revenue and net sales, reflecting weakness of £ sterling against most currencies.
- Sterling weaker as follows:

	Q3 2016	Q3 2015	Sterling (Weaker)/Stronger
US\$	1.31	1.55	-15%
€	1.18	1.39	-15%
¥	134	189	-29%
Chinese Renminbi	8.8	9.8	-10%
Brazilian Real	4.26	5.49	-22%
Australian \$	1.73	2.14	-19%
Canadian \$	1.71	2.03	-16%
Indian Rupee	88	101	-13%
Singapore \$	1.78	2.16	-18%
Russian Rouble	84.8	98.0	-13%
South African Rand	18.5	20.1	-8%

# Third Quarter 2016

## Impact of Foreign Exchange



- Full year impact of 10% on revenue and net sales.

<sup>1</sup> October – December 2016 set at latest estimates including \$1.25 and €1.17 to £1

## Third Quarter 2016

### Revenue and Net Sales by Sector: Third Quarter

	Revenue				Net Sales			
	2016 £m	Reported	% Change		2016 £m	Reported	% Change	
			Constant Currency	Like-for- like <sup>1</sup>			Constant Currency	Like-for- like <sup>1</sup>
Advertising, Media Investment Management	1,619	23.5	8.0	5.5	1,336	22.3	7.0	3.5
Data Investment Management	655	12.1	-2.0	-2.0	495	15.3	0.8	0.0
Public Relations & Public Affairs	287	25.6	8.5	5.0	281	25.1	8.2	5.1
Branding & Identity, Healthcare and Specialist Communications	1,050	30.8	13.7	2.8	1,002	29.7	12.8	2.6
<b>Total</b>	<b>3,611</b>	<b>23.4</b>	<b>7.6</b>	<b>3.2</b>	<b>3,114</b>	<b>23.6</b>	<b>7.8</b>	<b>2.8</b>



## Third Quarter 2016

### Revenue and Net Sales by Sector: Year to Date

	Revenue				Net Sales			
	2016 £m	Reported	% Change		2016 £m	Reported	% Change	
			Constant Currency	Like-for- like <sup>1</sup>			Constant Currency	Like-for- like <sup>1</sup>
Advertising, Media Investment Management	4,582	16.0	9.0	6.2	3,758	13.4	6.8	4.3
Data Investment Management	1,898	8.0	1.6	-0.7	1,417	10.2	3.6	0.7
Public Relations & Public Affairs	786	14.4	6.0	3.5	772	14.3	5.9	3.6
Branding & Identity, Healthcare and Specialist Communications	2,881	21.5	13.3	3.6	2,761	20.8	12.8	3.8
<b>Total</b>	<b>10,147</b>	<b>15.8</b>	<b>8.5</b>	<b>3.9</b>	<b>8,708</b>	<b>15.2</b>	<b>8.0</b>	<b>3.4</b>

<sup>1</sup> Digital revenue grew by 6.3% and digital net sales by 6.1%

## Third Quarter 2016

### WPP Two Year Cumulative Like-for-Like Growth<sup>1</sup> - Consistent Performance

%	Revenue		Net Sales	
	1 Year	2 Year	1 Year	2 Year
Q1 2014	7.0	9.1 <sup>2</sup>	3.8	5.7 <sup>2</sup>
Q2 2014	10.2	12.9 <sup>2</sup>	4.4	7.2 <sup>2</sup>
Q3 2014	7.6	12.6 <sup>2</sup>	3.0	7.3 <sup>2</sup>
Q4 2014	7.8	12.0 <sup>2</sup>	2.1	6.4 <sup>2</sup>
Q1 2015	5.2	12.2	2.5	6.3
Q2 2015	4.5	14.7	2.1	6.5
Q3 2015	4.6	12.2	3.3	6.3
Q4 2015	6.7	14.5	4.9	7.0
Q1 2016	5.1	10.3	3.2	5.7
Q2 2016	3.5	8.0	4.3	6.4
Q3 2016	3.2	7.8	2.8	6.1

<sup>1</sup> Two year trend is total growth for the named quarter and same quarter one year earlier

<sup>2</sup> 2013 revenue growth for Q1 2.1%, Q2 2.7%, Q3 5.0% and Q4 4.2%. 2013 net sales growth for Q1 1.9%, Q2 2.8%, Q3 4.3% and Q4 4.3%

## Third Quarter 2016

### Two Year Cumulative Like-for-Like Revenue Growth<sup>1</sup>

%	WPP <sup>2</sup>	OMC <sup>3</sup>	Pub <sup>4</sup>	IPG <sup>5</sup>	HAV <sup>6</sup>
Q1 2014	9.1	7.2	4.6	8.9	2.1
Q2 2014	12.9	8.6	5.5	6.9	9.6
Q3 2014	12.6	10.6	4.5	9.1	7.2
Q4 2014	12.0	10.1	3.9	8.5	5.5
Q1 2015	12.2	9.4	4.2	12.3	10.1
Q2 2015	14.7	11.1	1.9	11.4	13.4
Q3 2015	12.2	12.6	1.7	13.4	11.5
Q4 2015	14.5	10.7	6.0	10.0	6.6
Q1 2016	10.3	8.9	3.8	12.4	10.5
Q2 2016	8.0	8.7	4.1	10.4	8.2
Q3 2016	7.8	9.3	0.9	11.4	7.5

<sup>1</sup> Two year trend is total growth for the named quarter and same quarter one year earlier

<sup>2</sup> WPP quarterly growth Q1/13 2.1%, Q2/13 2.7%, Q3/13 5.0%, Q4/13 4.2%, Q1/14 7.0%, Q2/14 10.2%, Q3/14 7.6%, Q4/14 7.8%, Q1/15 5.2%, Q2/15 4.5%, Q3/15 4.6% and Q4/15 6.7%, Q1/16 5.1%, Q2/16 3.5%, Q3/16 3.2%

<sup>3</sup> OMC quarterly growth Q1/13 2.9%, Q2/13 2.8%, Q3/13 4.1%, Q4/13 4.2%, Q1/14 4.3%, Q2/14 5.8%, Q3/14 6.5%, Q4/14 5.9%, Q1/15 5.1%, Q2/15 5.3%, Q3/15 6.1% and Q4/15 4.8%, Q1/16 3.8%, Q2/16 3.4%, Q3/16 3.2%

<sup>4</sup> PUB quarterly growth Q1/13 1.3%, Q2/13 5.0%, Q3/13 3.5%, Q4/13 0.7%, Q1/14 3.3%, Q2/14 0.5%, Q3/14 1.0%, Q4/14 3.2%, Q1/15 0.9%, Q2/15 1.4%, Q3/15 0.7% and Q4/15 2.8%, Q1/16 2.9%, Q2/16 2.7%, Q3/16 0.2%

<sup>5</sup> IPG quarterly growth Q1/13 2.3%, Q2/13 2.2%, Q3/13 2.8%, Q4/13 3.7%, Q1/14 6.6%, Q2/14 4.7%, Q3/14 6.3%, Q4/14 4.8%, Q1/15 5.7%, Q2/15 6.7%, Q3/15 7.1% and Q4/15 5.2%, Q1/16 6.7%, Q2/16 3.7%, Q3/16 4.3%

<sup>6</sup> HAV quarterly growth Q1/13 -0.9%, Q2/13 1.7%, Q3/13 1.2%, Q4/13 2.0%, Q1/14 3.0%, Q2/14 7.9%, Q3/14 6.0%, Q4/14 3.5%, Q1/15 7.1%, Q2/15 5.5%, Q3/15 5.5% and Q4/15 3.1%, Q1/16 3.4%, Q2/16 2.7%, Q3/16 2.0%

## Third Quarter 2016

### Advertising, Media Investment Management: Third Quarter

- Strongest like-for-like revenue growth 5.5% with net sales growth 3.5%.
- Advertising grew in North America and Asia Pacific, but slowed relatively in UK, Africa & Middle East. Ogilvy performed well in North America and Asia Pacific and J. Walter Thompson Company in North America and Latin America. Grey strong in North America, UK, Western Continental Europe and Latin America.
- Media investment management up strongly, North America, Continental Europe, Asia Pacific and Latin America improving.
- Advertising acquisitions - Easycom (social marketing) China, Famous (creative agency) Belgium, iStrategyLabs (digital agency) USA, Maruri (communications services) Ecuador and WANDA Digital (digital media) Turkey.
- Media investment management acquisitions - Linkpulse (real-time content analytics) Norway and Triad Retail Media<sup>1</sup> (digital retail media) USA.

<sup>1</sup> Acquired since 1 October 2016

## Third Quarter 2016

### Data Investment Management: Third Quarter

- Data investment management constant currency net sales up 0.8%, like-for-like flat.
- UK and Latin America improvement compared with second quarter, Africa strong growth, offset by lower growth in North America and Asia Pacific with Continental Europe flat.
- Kantar Millward Brown, Kantar Media, Kantar Health, Kantar Worldpanel, Kantar Added Value and Lightspeed performed well.

## Third Quarter 2016

### Public Relations and Public Affairs: Third Quarter

- Public relations and public affairs like-for-like revenue growth 5.0%, strongest net sales growth 5.1%.
- All regions up, particularly strong growth in UK, Continental Europe, Latin America and Africa.
- Strong growth from Cohn & Wolfe, social content development in USA at SJR, and newly integrated multi-national offering at Finsbury and Hering Schuppener in USA, UK and Germany.

## Third Quarter 2016

### Branding and Identity, Healthcare and Specialist Communications: Third Quarter

- Strongest constant currency revenue growth 13.7% and net sales 12.8%, like-for-like revenue growth 2.8% and net sales 2.6%.
- Branding and identity and direct, digital and interactive businesses above average, parts of specialist communications businesses and healthcare slower.
- Branding and identity acquisition - StartJG<sup>1</sup> (Hong Kong). Healthcare investment - The Corpus<sup>1</sup> (UK).

<sup>1</sup> Acquired since 1 October 2016

## Third Quarter 2016

### Direct, Digital and Interactive across the Group: Third Quarter and Year to Date

- First 9 months of 2016, direct, digital and interactive revenue \$5.4bn or over 38% of total revenue (2015: \$5.0bn, over 37%), up over 11% in constant currency and up over 6% like-for-like.
- The number of people working in the Group for Direct, Digital and Interactive almost 46,000 or 34% of headcount.
- Acquisition - Conexance (data co-operative) France. Investments - LNEI (France), ScrollMotion<sup>1</sup> (USA) and Woven Digital (USA).

<sup>1</sup> Acquired since 1 October 2016



# Third Quarter 2016

## Revenue and Net Sales by Region: Third Quarter

	Revenue				Net Sales			
	2016 £m	Reported	% Change		2016 £m	Reported	% Change	
			Constant Currency	Like-for- like			Constant Currency	Like-for- like
North America	1,342	23.0	4.3	2.6	1,173	23.7	4.8	3.1
UK	461	5.9	5.9	2.1	394	6.6	6.6	2.7
Western Continental Europe	702	27.2	8.1	5.4	580	27.8	8.8	3.2
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	1,106	30.3	12.5	3.2	967	29.4	11.9	2.2
<b>Total</b>	<b>3,611</b>	<b>23.4</b>	<b>7.6</b>	<b>3.2</b>	<b>3,114</b>	<b>23.6</b>	<b>7.8</b>	<b>2.8</b>

## Third Quarter 2016

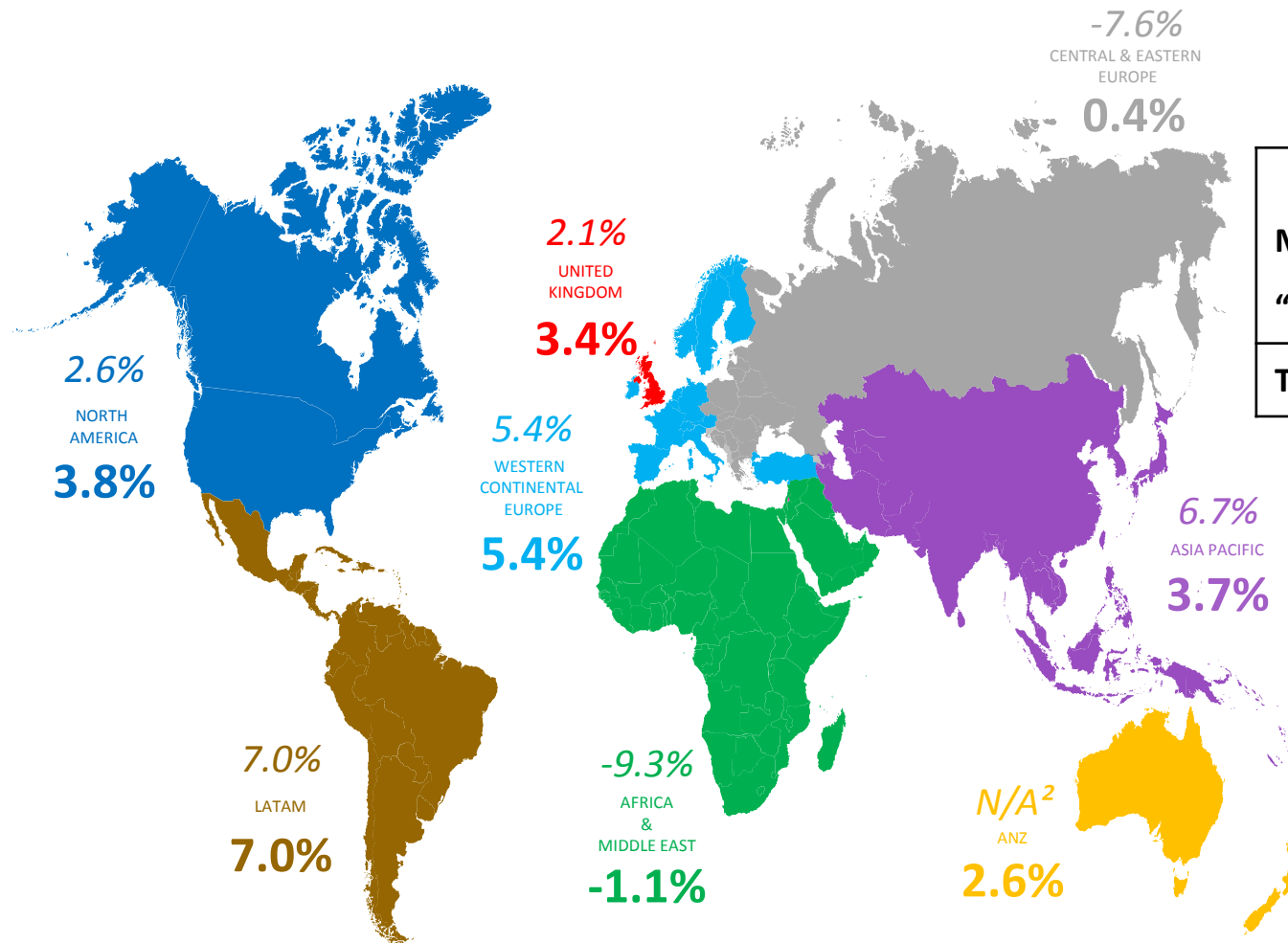
### Revenue and Net Sales by Region: Year to Date

	Revenue				Net Sales			
	2016 £m	Reported	% Change		2016 £m	Reported	% Change	
			Constant Currency	Like-for- like			Constant Currency	Like-for- like
North America	3,783	16.2	5.7	3.8	3,276	15.9	5.4	3.7
UK	1,388	7.2	7.2	3.4	1,169	7.0	7.0	3.1
Western Continental Europe	2,043	20.6	9.9	5.4	1,692	19.3	8.9	4.0
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	2,933	16.4	11.9	3.3	2,571	15.7	11.4	3.0
<b>Total</b>	<b>10,147</b>	<b>15.8</b>	<b>8.5</b>	<b>3.9</b>	<b>8,708</b>	<b>15.2</b>	<b>8.0</b>	<b>3.4</b>

# Third Quarter 2016

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

Q3 %  
YTD %



	Q3	YTD
Mature Markets	3.2%	4.1%
“Faster Growing” Markets	3.2%	3.3%
<b>Total</b>	<b>3.2%</b>	<b>3.9%</b>

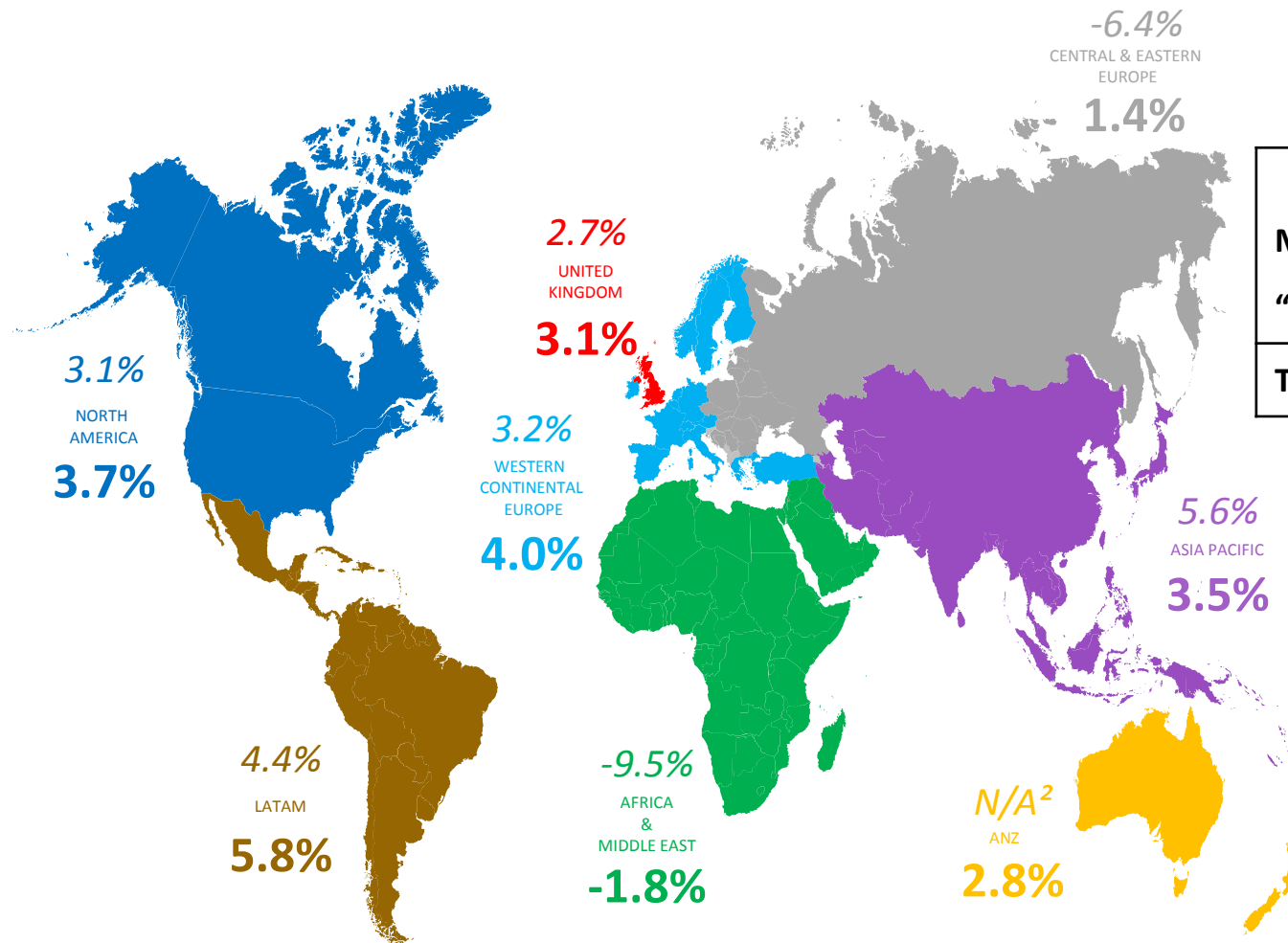
<sup>1</sup> Like-for-like revenue growth vs. 2015

<sup>2</sup> Not disclosed given WPP AUNZ has separate listing

# Third Quarter 2016

## Net Sales Growth<sup>1</sup> by Region

Q3 %  
YTD %



	Q3	YTD
Mature Markets	3.0%	3.6%
"Faster Growing" Markets	2.2%	3.0%
<b>Total</b>	<b>2.8%</b>	<b>3.4%</b>

<sup>1</sup> Like-for-like revenue growth vs. 2015

<sup>2</sup> Not disclosed given WPP AUNZ has separate listing

# Third Quarter 2016

Top 6 Markets - Over 68%<sup>1</sup> of Revenue and Net Sales, Like-For-Like Revenue Growth of 3.5%<sup>1</sup> and Net Sales Growth of 3.3%<sup>1</sup>

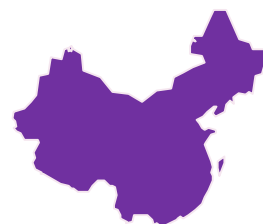
	Including associates:					
Revenue	\$5.1bn	\$2.5bn	\$1.1bn	\$0.9bn	\$0.6bn	\$0.5bn
People '000 <sup>2</sup>	26	17	14	8	5	5



USA



UK



Greater China<sup>4</sup>



Germany



ANZ<sup>5</sup>



France

	USA		UK		Greater China <sup>4</sup>		Germany		ANZ <sup>5</sup>		France	
	Revenue	Net Sales	Revenue	Net Sales	Revenue	Net Sales	Revenue	Net Sales	Revenue	Net Sales	Revenue	Net Sales
2016 YTD <sup>3</sup>	3.9%	3.8%	3.4%	3.1%	1.2%	-0.5%	6.3%	6.4%	2.6%	2.8%	0.5%	2.1%
2015 FY <sup>3</sup>	7.2%	4.3%	4.1%	2.9%	2.2%	1.6%	8.0%	4.2%	2.4%	0.3%	0.2%	-0.1%
2014 FY <sup>3</sup>	9.9%	3.1%	12.9%	4.8%	7.9%	4.0%	5.2%	3.3%	3.2%	0.0%	-0.4%	-0.7%

<sup>1</sup> % excluding associates

<sup>2</sup> Closing headcount at 30 September 2016

<sup>3</sup> Like-for-like growth vs. prior year, excluding associates

<sup>4</sup> Includes Hong Kong & Taiwan

<sup>5</sup> Includes STW businesses stepped-up from 8 April 2016

# Third Quarter 2016

BRICs Markets - Over 11%<sup>1</sup> of Revenue and Net Sales, Like-For-Like Revenue Growth of 1.5%<sup>1</sup> and Net Sales Growth of 1.4%<sup>1</sup>

	Including associates:			
Revenue	\$1.1bn	\$0.4bn	\$0.3bn	\$0.1bn
WPP Rank <sup>5</sup>	#3	#8	#12	#22
People '000 <sup>2</sup>	14	15	7	2



**Greater China<sup>4</sup>**



**India**



**Brazil**



**Russia**

	Greater China <sup>4</sup>		India		Brazil		Russia	
	Revenue	Net Sales	Revenue	Net Sales	Revenue	Net Sales	Revenue	Net Sales
2016 YTD <sup>3</sup>	1.2%	-0.5%	7.6%	13.6%	-1.3%	-1.5%	-7.6%	-7.2%
2015 FY <sup>3</sup>	2.2%	1.6%	16.9%	10.5%	1.4%	1.3%	-9.4%	-10.4%
2014 FY <sup>3</sup>	7.9%	4.0%	25.4%	10.4%	-0.5%	0.7%	6.1%	7.5%

<sup>1</sup> % excluding associates

<sup>2</sup> Closing headcount at 30 September 2016

<sup>3</sup> Like-for-like growth vs. prior year, excluding associates

<sup>4</sup> Includes Hong Kong & Taiwan

<sup>5</sup> Ranked by WPP revenue by market

## Third Quarter 2016

### Growth by Region: Third Quarter

- North America constant currency net sales growth 4.8%, like-for-like 3.1% slightly weaker than second quarter, advertising and media investment management, public relations and public affairs and branding & identity improving, custom and healthcare areas of data investment management softer.
- UK constant currency net sales growth 6.6%, like-for-like 2.7% slowed compared with second quarter. All sectors, except data investment management and public relations and public affairs softer. Perhaps, first signs of Brexit anxiety.
- Western Continental Europe continued to grow at reasonable rates, slowed in third quarter, net sales growth 3.2%. Belgium, Denmark, Finland, Germany, Greece, Ireland, Italy, Sweden and Turkey strong, Austria, France, Spain and Switzerland slower.
- Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe strongest net sales growth, constant currency 11.9%, like-for-like 2.2%, slightly weaker than second quarter. Greater China, India, Indonesia, Korea, Malaysia, Pakistan, Thailand and Vietnam strong, partly offset by Philippines and Singapore slower.



# Third Quarter 2016

## Revenue Growth by Country: Third Quarter

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

### Countries

More than 20%

Argentina, Turkey

10% to 20%

Mainland China, South Korea, Sweden

5% to 10%

Belgium, Greater China<sup>2</sup>, Denmark, Germany, India, Indonesia, Italy, Thailand

Less than 5%

Brazil, Canada, France, Japan, Mexico, Netherlands, Philippines, Poland, Russia, Singapore, South Africa, Spain, Switzerland, UK, USA

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

<sup>2</sup> Includes Hong Kong and Taiwan



# Third Quarter 2016

## Revenue Growth by Category: Third Quarter

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

### Categories

More than 10%

Electronics, Retail, Telecommunications, Travel & Airline

5% to 10%

Automotive, Food, Government

Less than 5%

Computers, Drinks, Financial Services, Media & Entertainment, Oil, Personal Care & Drugs

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

## Third Quarter 2016

### Trade Estimates of Major New Business Wins

WPP Agency	Incumbent	Account	Office	Billings(\$m)
GroupM	Haworth <sup>1</sup>	Target	USA	686
MediaCom	DEN/OMC	Sony Playstation	Global	421
MediaCom	PUB	Procter & Gamble	China	266
Team Connect	Maxus/MEC	BT/EE	UK	248
Cohn & Wolfe	IND	Applebee's	Global	150
J. Walter Thompson	PUB	Newell Brands	Global	120
Grey	Y&R	Marks & Spencer	UK	100
Maxus	IND	Jet.com	USA	100
Y&R	IPG/IND	Census Bureau	USA	90
Ogilvy	IND	Nationwide	USA	80
Ogilvy	IND	Motorola	Global	79
Grey/Wunderman/Geometry	OMC/PUB	GSK	Global	73
MediaCom	DEN	British Gas	UK	70
VML	PUB	Wendy's	USA	70
MEC	N/A	SABMiller	Europe	69
SET	N/A	Verizon	USA	60

Shaded figures are Q3 wins, wins in red are transfers of business

<sup>1</sup> Associate

## Third Quarter 2016

### Trade Estimates of Major New Business Wins

WPP Agency	Incumbent	Account	Office	Billings(\$m)
MediaCom	PUB	Unilab	Philippines	55
MEC	HAV	Nationwide	UK	50
MediaCom	Geometry	BRP	Global	45
MEC	PUB	Mitsubishi	Australia	45
GroupM	MediaCom	Westpac	Australia	45
AKQA	N/A	Caterpillar	Global	44
MediaCom	IPG	Tempur Sealy	Europe, Asia Pacific	41
Team Red (GroupM)	WPP AUNZ	Vodafone	Australia	40
Y&R Taxi	DEN	Fido	Canada	35
Mindshare	DEN	Master Kong Beverages	China	35
MediaCom	OMC	Paddy Power Betfair	Europe	33
Mindshare	N/A	Diageo	India, South Africa	30
Mindshare	N/A	Deutsche Bahn	Germany	30
Y&R	N/A	Pfizer	USA	N/A

Shaded figures are Q3 wins, wins in red are transfers of business

## Third Quarter 2016

### Trade Estimates of Major New Business Losses

WPP Agency	Winning Agency	Account	Office	Billings(\$m)
MediaCom	OMC	Volkswagen	Global	2,179
MEC/Grey	OMC	AT&T	USA	1,800
Haworth <sup>1</sup>	GroupM	Target	USA	686
Mindshare	IND	LG Electronics	USA	297
Maxus/MEC	Team Connect	BT/EE	UK	248
MEC	N/A	KFC	USA	220
Y&R	Grey	Marks & Spencer	UK	100
Grey	PUB	Procter & Gamble	Global	55
GroupM	IND	VF Corporation	Asia	45
Geometry	MediaCom	BRP	Global	45
MediaCom	GroupM	Westpac	Australia	45
WPP AUNZ	Team Red (GroupM)	Vodafone	Australia	40
OgilvyOne/GroupM	MDC	E-Trade	USA	35
Ogilvy	OMC	Time Warner	USA	34
MediaCom	IND	Everest	UK	30
Mindshare	OMC	Nissan	MENA	30

Shaded figures are Q3 losses, losses in red are transfers of business

<sup>1</sup> Associate

## Third Quarter 2016

Internal Estimates of Net New Business Wins: Third Quarter and Year to Date

(\$m)	Third Quarter			YTD
	Creative	Media	Total	Total
Advertising	222	1,860	2,082	4,554
Other Businesses	300	-	300	820
<b>2016</b>	<b>522</b>	<b>1,860</b>	<b>2,382</b>	<b>5,374</b>

# Third Quarter 2016

## Trade Estimates of Major New Business Wins/Losses Since 1 October

	WPP Agency	Incumbent	Account	Office	Billings(\$m)
WINS	Haworth <sup>1</sup>	PUB	Walmart	USA	900
	Mindshare	N/A	Fox	Europe	193
	Y&R/VML	OMC	Electrolux	USA	140
	Cohn & Wolfe	None	Karhoo	USA	100
	Y&R/VML	HAV	New Balance	USA	60
	MediaCom	Maxus	Bolton Italy	Italy	47
	VML	IND	Greater Miami	USA	30
	Ogilvy Public Relations	OMC	CFA	Global	30
	Y&R	N/A	PhRMA	USA	N/A
	WPP Agency	Winning Agency	Account	Office	Billings(\$m)
LOSS	Maxus	MediaCom	Bolton Italy	Italy	47

Wins/losses in red are transfers of business

<sup>1</sup> Associate

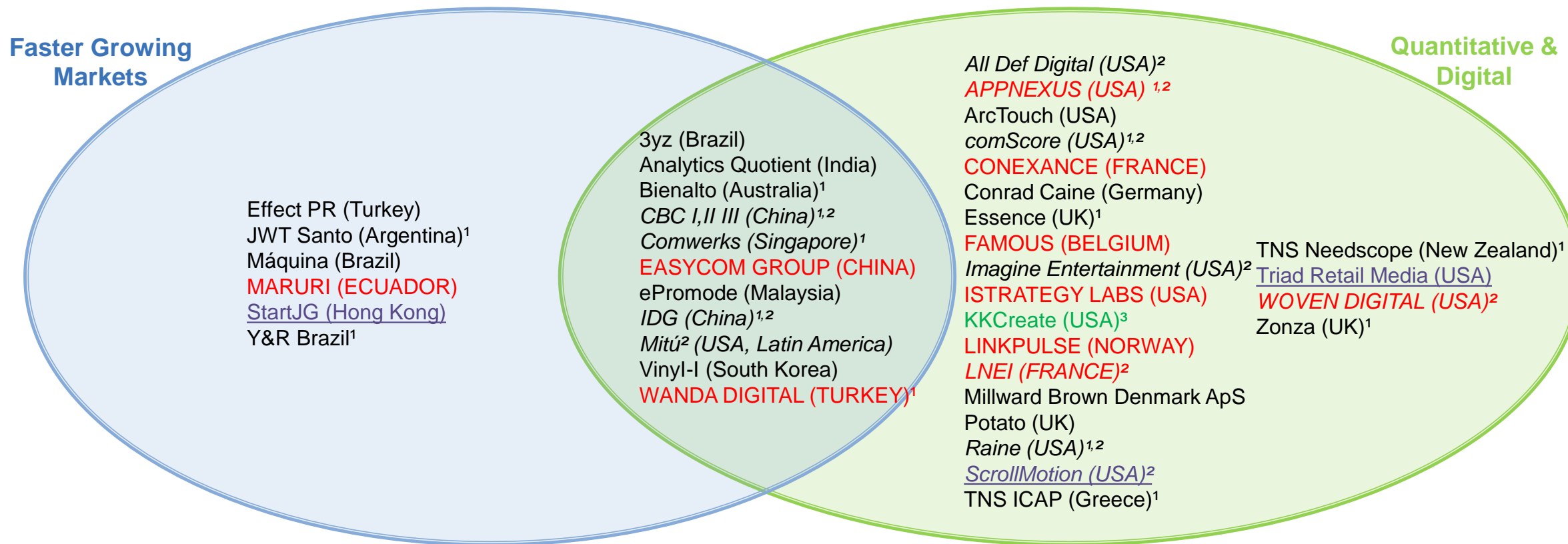
## Third Quarter 2016

### Cash Flow and Net Debt

- Average net debt for September YTD up £434m to £4.206bn, compared to £3.772bn in 2015, at 2016 exchange rates.
- Net acquisitions (including earnouts) for September YTD £370m (2015 - £559m) and share buy-backs £342m (2015 - £588m).
- Net debt at 30 September up only £74m to £4.688bn, compared to £4.614bn last year, at 2016 exchange rates, reflecting significant net acquisition spend and share buy-backs more than offsetting significant improvements in working capital.
- Average net debt to Headline EBITDA, for 12 months to 30 September, remains within target range of 1.5x - 2.0x.

# Third Quarter 2016

## Acquisitions and Investments – Year to Date



### Advertising

Heath Wallace (UK)<sup>1</sup>

### PR & PA

Acertys (Canada)  
TSE Consulting (Switzerland)

### Branding and Identity

dBOD (Netherlands)

### Healthcare

CMI (USA)  
**THE CORPUS (UK)**<sup>2</sup>  
The Lathe (USA)  
Viscira (USA)

### Sports Marketing

Bruin Sports Capital (USA)<sup>1,2</sup>  
Courtside Ventures (USA)<sup>2</sup>

<sup>1</sup> Step-ups in investments, associates and subsidiaries' equity

<sup>2</sup> Investments

<sup>3</sup> Associates

**CAPITALS ARE Q3 ACQUISITIONS**

UNDERLINED ACQUIRED SINCE 1 OCTOBER



## Third Quarter 2016

### Uses of Free Cash Flow

Category	Target	Sept YTD 2016	Sept YTD 2015	FY 2015
Acquisitions (excluding earnouts) <sup>1</sup>	£300-£400m <sup>2</sup>	£305m	£522m	£649m
Share buy-backs:	n/a	£342m	£588m	£588m
% of issued share capital	2%-3%	1.6%	3.0%	3.0%
Dividend increase	n/a	23%	37%	17%
Pay-out ratio	50%	n/a	n/a	48%
Headroom: Undrawn facilities & surplus cash	n/a	£3.3bn	£2.6bn	£3.6bn

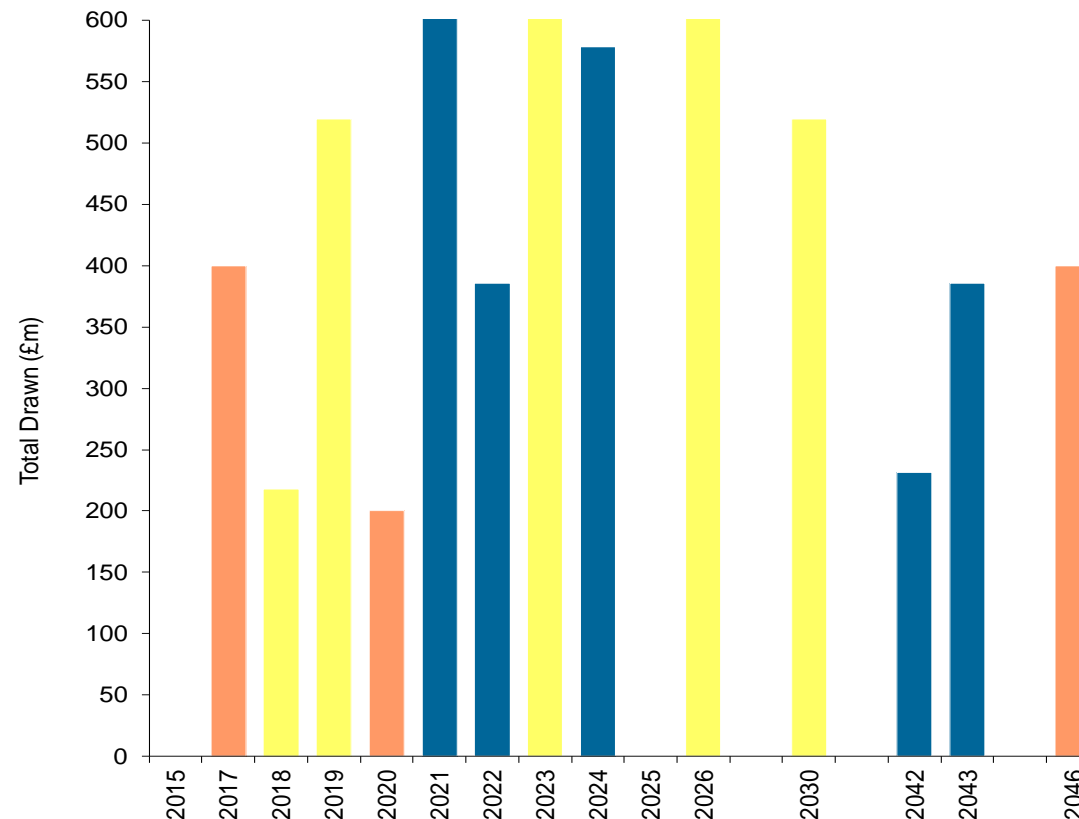
<sup>1</sup> Acquisitions are initial payments, net of cash acquired and disposal proceeds, and include other investments and associates

<sup>2</sup> Excluding large-sized acquisitions like IBOPE and comScore which totalled £364m in 2015

# Third Quarter 2016

## Debt Maturity Profile £m at 30 September 2016

	£ Total Credit	£ Total Drawn
£ bonds £400m (2.875% Sep '46)	400	400
US bond \$500m (5.625% Nov '43)	386	386
US bond \$300m (5.125% Sep '42)	231	231
Eurobonds €600m (1.625% Mar '30)	519	519
Eurobonds €750m (2.25% Sep '26)	649	649
US bond \$750m (3.75% Sep '24)	578	578
Eurobonds €750m (3.0% Nov '23)	649	649
US bond \$500m (3.625% Sep '22) <sup>1</sup>	386	386
US bond \$812m (4.75% Nov '21) <sup>2</sup>	626	626
£ bonds £200m (6.375% Nov '20)	200	200
Eurobonds €600m (0.75% Nov '19)	519	519
Eurobonds €252m (0.43% Mar '18)	218	218
£ bonds £400m (6% Apr '17) <sup>3</sup>	400	400
<b>Debt Facilities</b>	<b>5,761</b>	<b>5,761</b>
Bank revolver <sup>4</sup> (\$2,500m Jul '21)	1,928	78
Bank revolver <sup>4</sup> (A\$520m Mar '19)	307	245
Net cash, overdrafts & other adjustments	-	(1,396)
<b>Total Borrowing Capacity / Net Debt</b>	<b>7,996</b>	<b>4,688</b>



**Weighted Average Coupon 3.4%**  
**Weighted Average Maturity 10.4 years**  
**Available Liquidity £3,308m**

<sup>1</sup> Swapped to 6m \$Libor + 1.52%

<sup>2</sup> Swapped to 6m \$Libor +2.17% (set in arrears)

<sup>3</sup> £200m swapped to 6m £Libor + 0.64%

<sup>4</sup> These instruments are subject to financial covenants

Exchange Rates \$/£ 1.297 €/£ 1.155 A\$/£ 1.693

# Third Quarter 2016

## Market Environment

### Macro

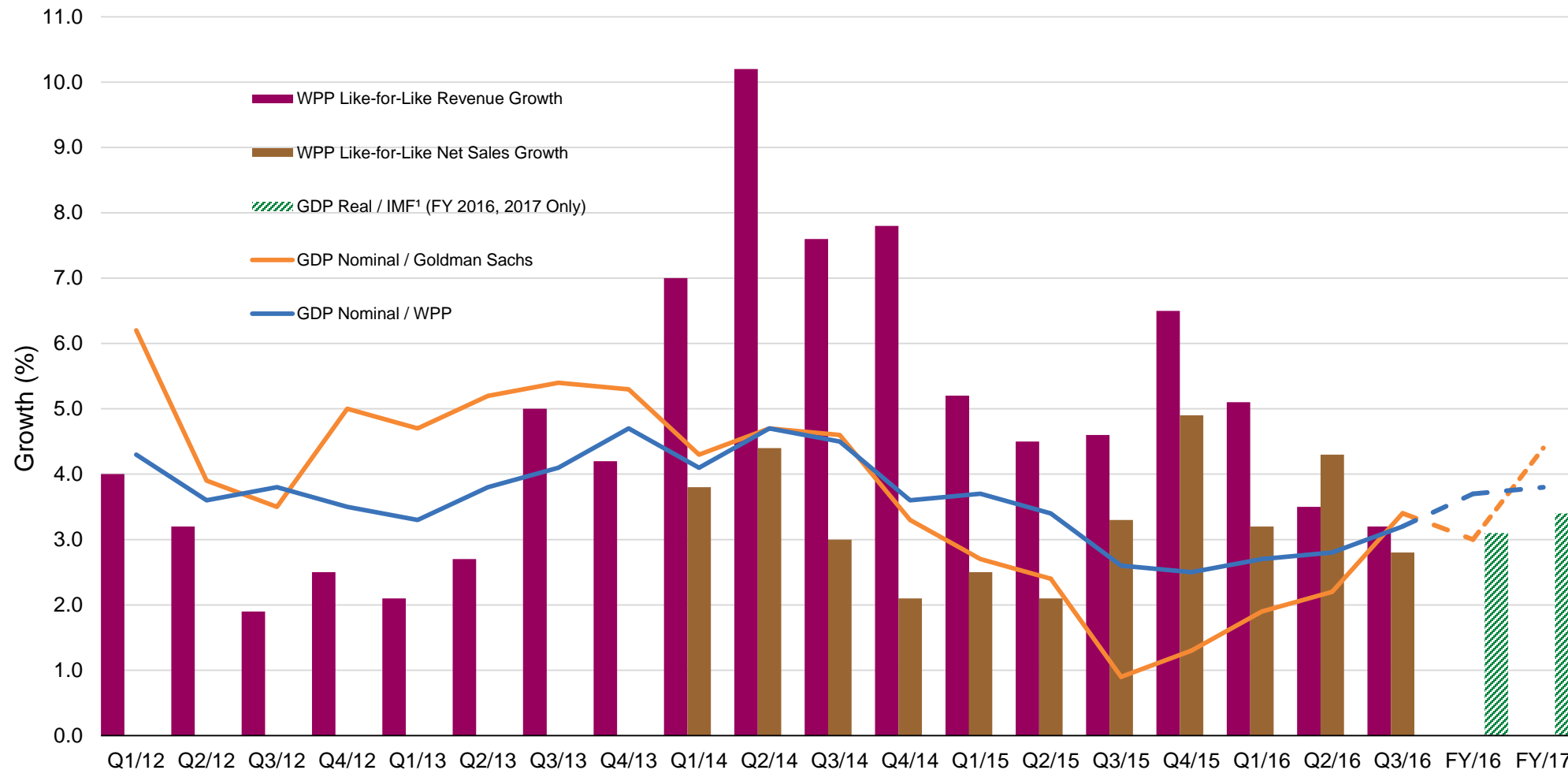
- Global GDP growth projections slow in 2016, recovering in 2017.
- Brexit impact estimated by IMF at -0.2% in 2017 reflecting subdued outlook as reality unfolds with negative consequences. Concerns over Greece and European banks.
- Uncertainty from key elections and referenda exacerbated by rising populist and protectionist policies - US presidential, France, Germany and Netherlands, instability Spain and Italy.
- Monetary policy expected to remain accommodative downward pressure on global interest rates.
- Concerns over migration crisis, terrorism, Middle East and Turkey, Ukraine/Russia dispute bringing difficult relationships with Russia.
- Traditional media under continued pressure as new media grows. Convergence between content and telco eg AT&T's bid for Time Warner.
- Global industry consolidation eg BAT/Reynolds, Bayer/Monsanto, Syngenta/ChemChina.
- Opportunities in Argentina, Colombia, Egypt, Indonesia, Mexico, Nigeria, Peru, Philippines and Vietnam as well as Cuba and Iran.

### Micro

- Low growth, low inflation, no pricing power, focus on costs.
- Disrupters, zero based budgeters, activist investors increase short-term focus.
- Uncertainty reducing investment in favour of buy-backs/dividends.
- Growing importance of Horizontality, Shopper Marketing, e-Commerce, application of technology, data and content.
- Fragmented media landscape raises the complexity of work - opportunity for agencies.
- Efficiency and effectiveness still key, client pressure on pricing and payment terms.
- Scrutiny by clients around effectiveness of digital due to concerns around value, viewability, verification and Google and Facebook measurement questions.
- Google/Facebook duopoly in digital media, Yahoo/AOL Third Force, rise of Amazon.

# Third Quarter 2016

## Like-for-Like Growth and GDP



<sup>1</sup> IMF full year 2016 and 2017 GDP growth estimates are real and exclude impact of inflation and exchange rates

# Third Quarter 2016

The New Normal

**Low GDP  
Growth**

**Low or No  
Inflation**

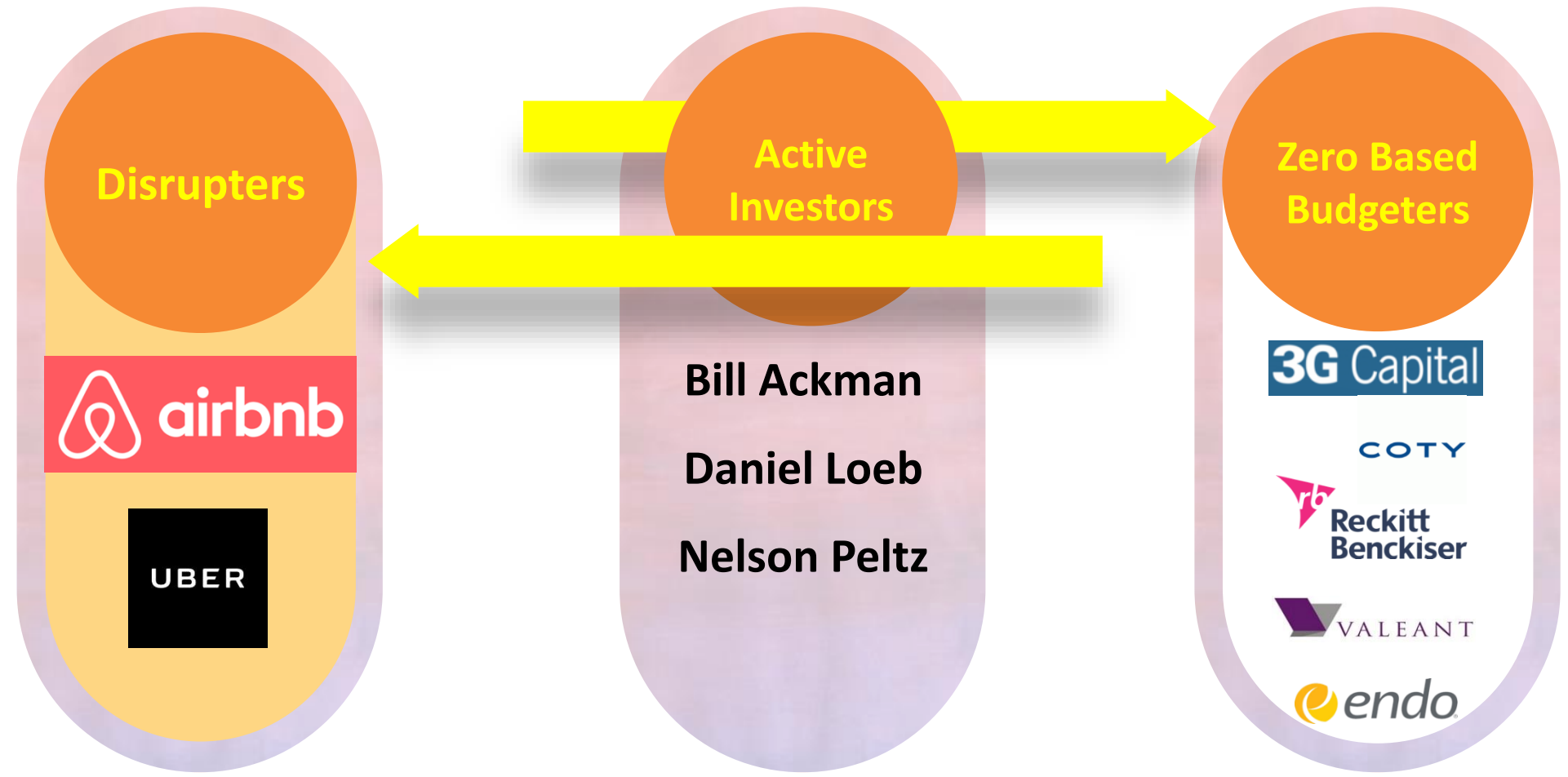
**Little Pricing  
Power**

**High Focus  
on Costs**



# Third Quarter 2016

## The Legacy Spectrum



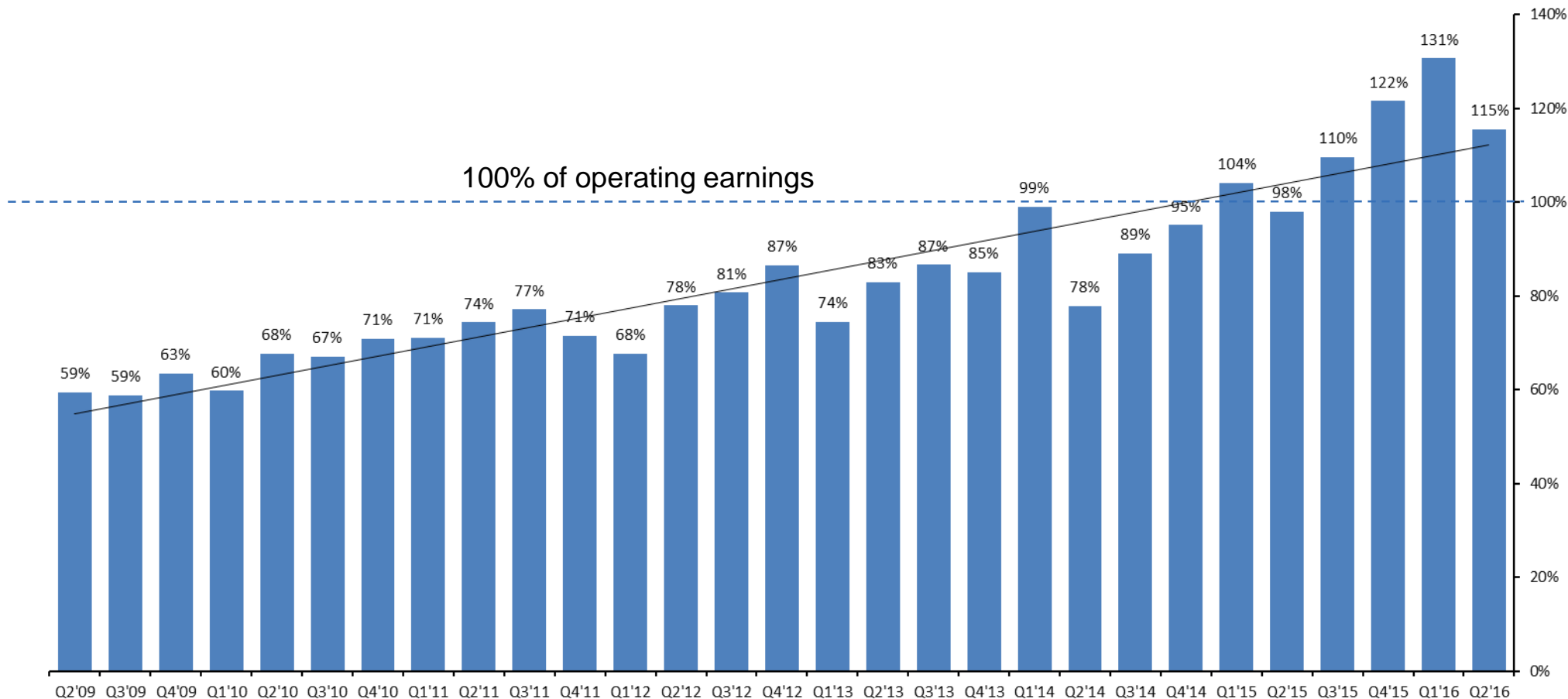
## Third Quarter 2016

### Short Executive “Life Expectancy”

- CEO tenure 6 to 7 years  
(FTSE 100 5.9 years, S&P 500 7.1 years)
- CFO tenure 4 to 5 years  
(FTSE 100 4.1 years, S&P 500 4.8 with 50% less than 3 years)
- CMO tenure 3 to 4 years  
(S&P 45 months)

# Third Quarter 2016

## S&P 500 Dividends & Buy-Backs as % of Operating Earnings

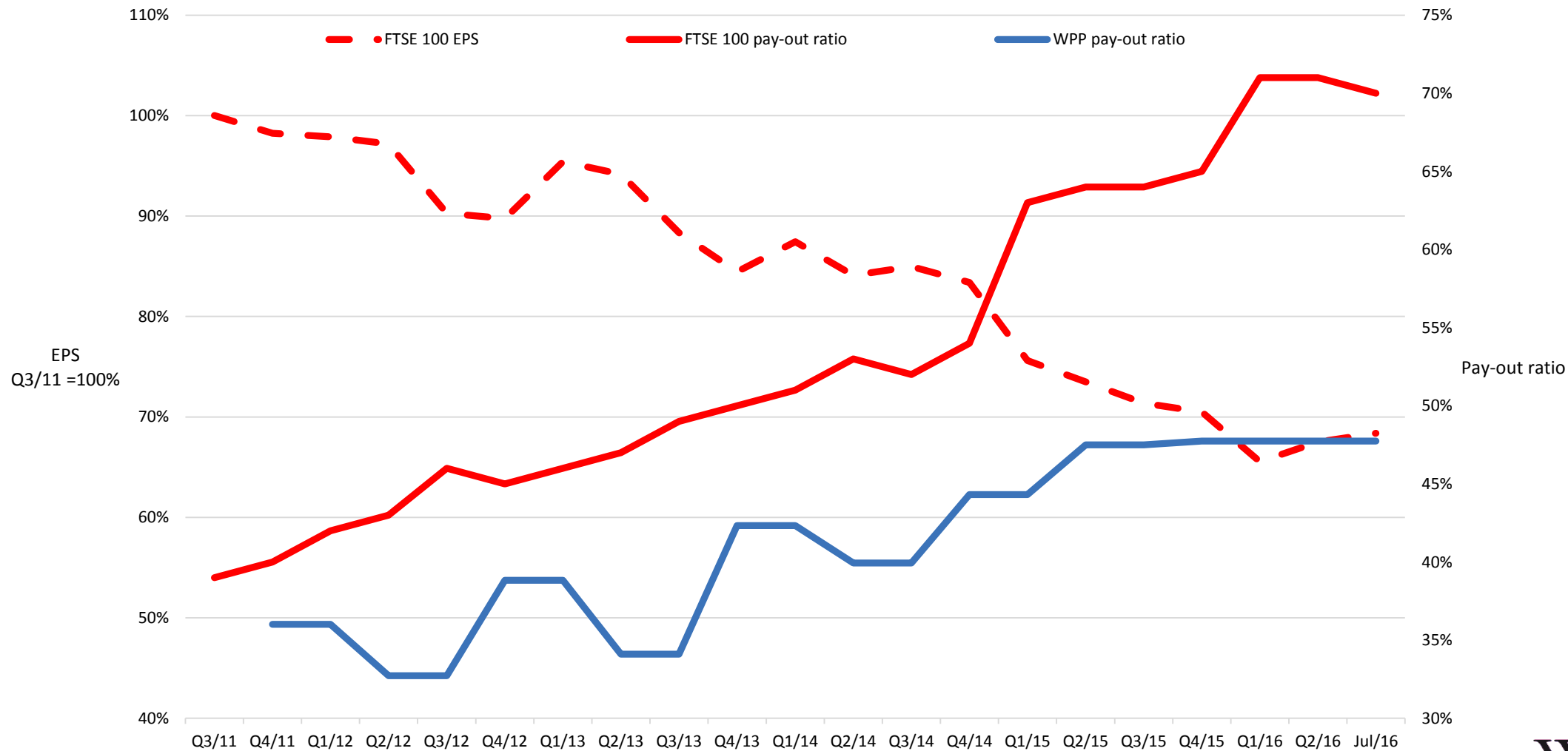


Source: S&P Capital IQ



# Third Quarter 2016

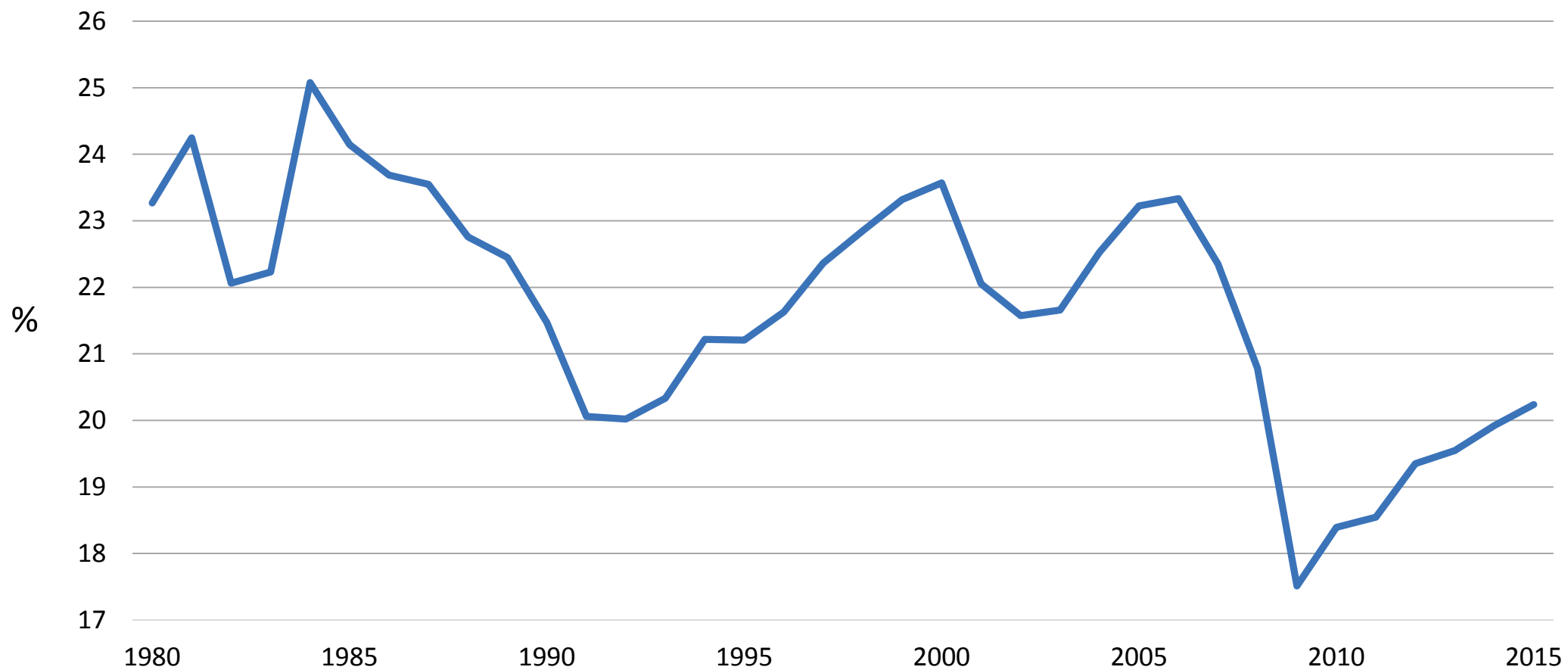
## Rising FTSE Dividend Pay-Out Ratios



Source: Bloomberg

# Third Quarter 2016

## US Total Investment as % of GDP



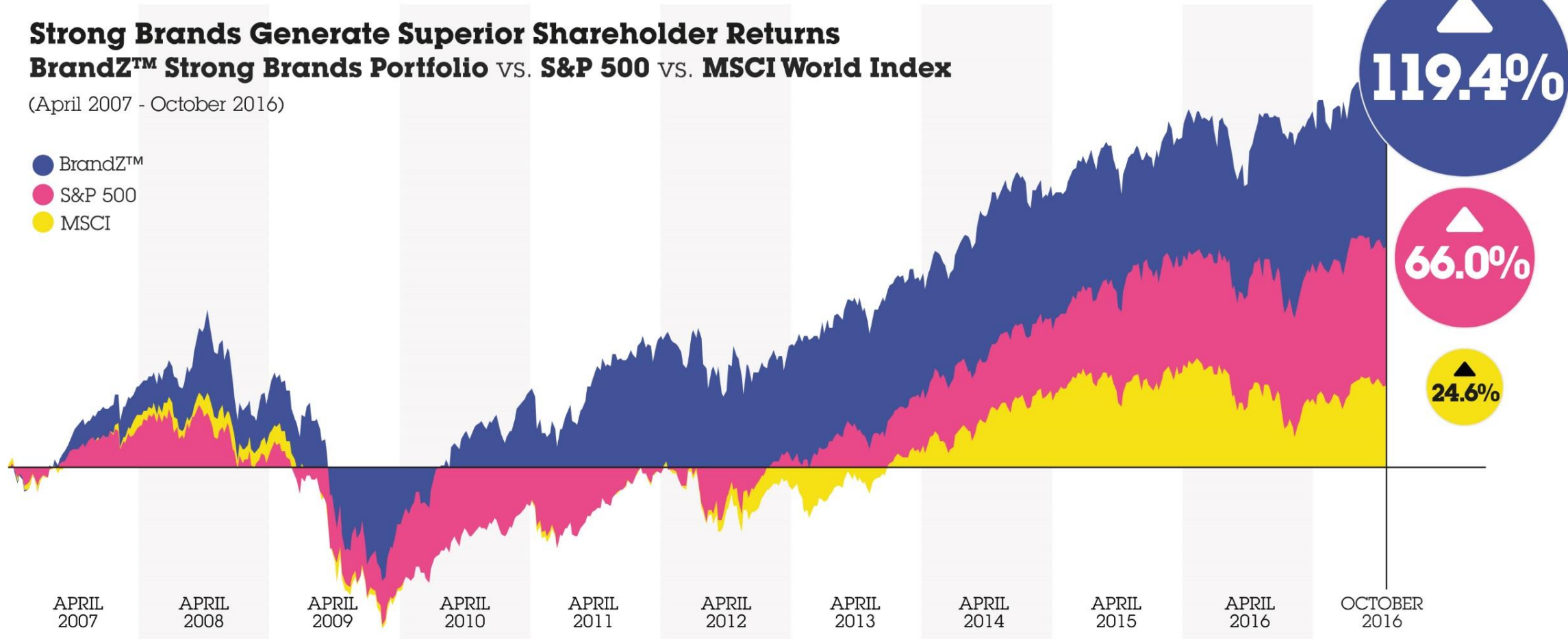
# Third Quarter 2016

## Strong Brands Generate Superior Shareholders' Return

### Strong Brands Generate Superior Shareholder Returns BrandZ™ Strong Brands Portfolio vs. S&P 500 vs. MSCI World Index

(April 2007 - October 2016)

- BrandZ™
- S&P 500
- MSCI



Source: Kantar Millward Brown/BrandZ™

## Third Quarter 2016

### Top 20 Clients Trends: Third Quarter

- Third quarter like-for-like revenue growth is ca. 3%.
- Well balanced between price at 1.5% and volume at 1.5%.
- US growth at 2.9% and International at 3.2% are similar.
- US reporting suffers from strength of US\$.



## Third Quarter 2016

### Horizontality, New Markets, New Media and Data Investment Management

- Horizontality – ensuring our people work together through client teams and country and sub-regional managers for benefit of clients.
- Faster growing markets to be 40-45% of total Group revenue over next four to five years.
- New media to be 40-45% of total Group revenue over next four to five years.
- Data investment management and quantitative disciplines to be one half (achieved) with focus on application of technology, big data and content.

# Third Quarter 2016

## Horizontality Matrix

	J. Walter Thompson	Ogilvy	Y&R Group	Grey	GroupM	Kantar	H+K Strategies	BtoD Group	GroupH	WPP Digital	WPP Spec Comms
Client Leaders											
Country/Regional Managers											



## Third Quarter 2016

### Third Quarter and Year to Date Summary

- Year to date strong reported revenue growth 15.8%, like-for-like revenue growth 3.9%, like-for-like net sales growth 3.4%.
- Third quarter advertising and media investment management, public relations and public affairs, and branding and identity, healthcare and specialist communications revenue and net sales all strong. Data investment management weaker.
- Third quarter USA like-for-like revenue, net sales growth continues. Mainland China strong, third quarter like-for-like revenue growth almost 12% and net sales over 6%. Western Continental Europe continues to grow, third quarter like-for-like revenue growth over 5%, net sales over 3%. UK weaker in third quarter, like-for-like revenue up 2.1%, net sales 2.7%, perhaps reflecting Brexit.
- Increasing tailwind from FX 1% Q1, 4% Q2, 16% Q3, 7% YTD.
- Year to date operating margin up 0.4 margin points reportable, 0.3 constant currency and 0.3 like-for-like in line with target.
- Year to date completion of 46 acquisitions and investments adding 4.6% to net sales.

## Outlook for 2016

### Our Long-Term Financial Model

- Organic revenue and net sales growth of 0-5% in line with market growth.
- Margin improvement of 0.3 margin points or more before currency movements, with long-term net sales margin target of 19.7%.
- Use of our substantial cash flow to enhance EPS through acquisitions, share buy-backs and debt reduction.

Acquisitions                      £300m-£400m

Share buy-backs                2-3%

Pay-out ratio                    50%

- Incremental share buy-backs of 1-2% equivalent to an impact on EPS of an incremental 0.2 margin points.
- This would deliver 10-15% of EPS growth.





## Outlook for 2016

- Our forecasts indicate
  - Like-for-like revenue and net sales growth of over 3%
  - Margin improvement in line with our target of 0.3 margin points pre-currency
  - Acquisitions to add ca. 4-5% to revenue and net sales
- At current exchange rates the full year currency impact is 10% benefit to revenue and net sales.
- Staff costs and headcount to remain controlled to deliver the margin target.
- Operational effectiveness and efficiency programmes supporting future margin goal.

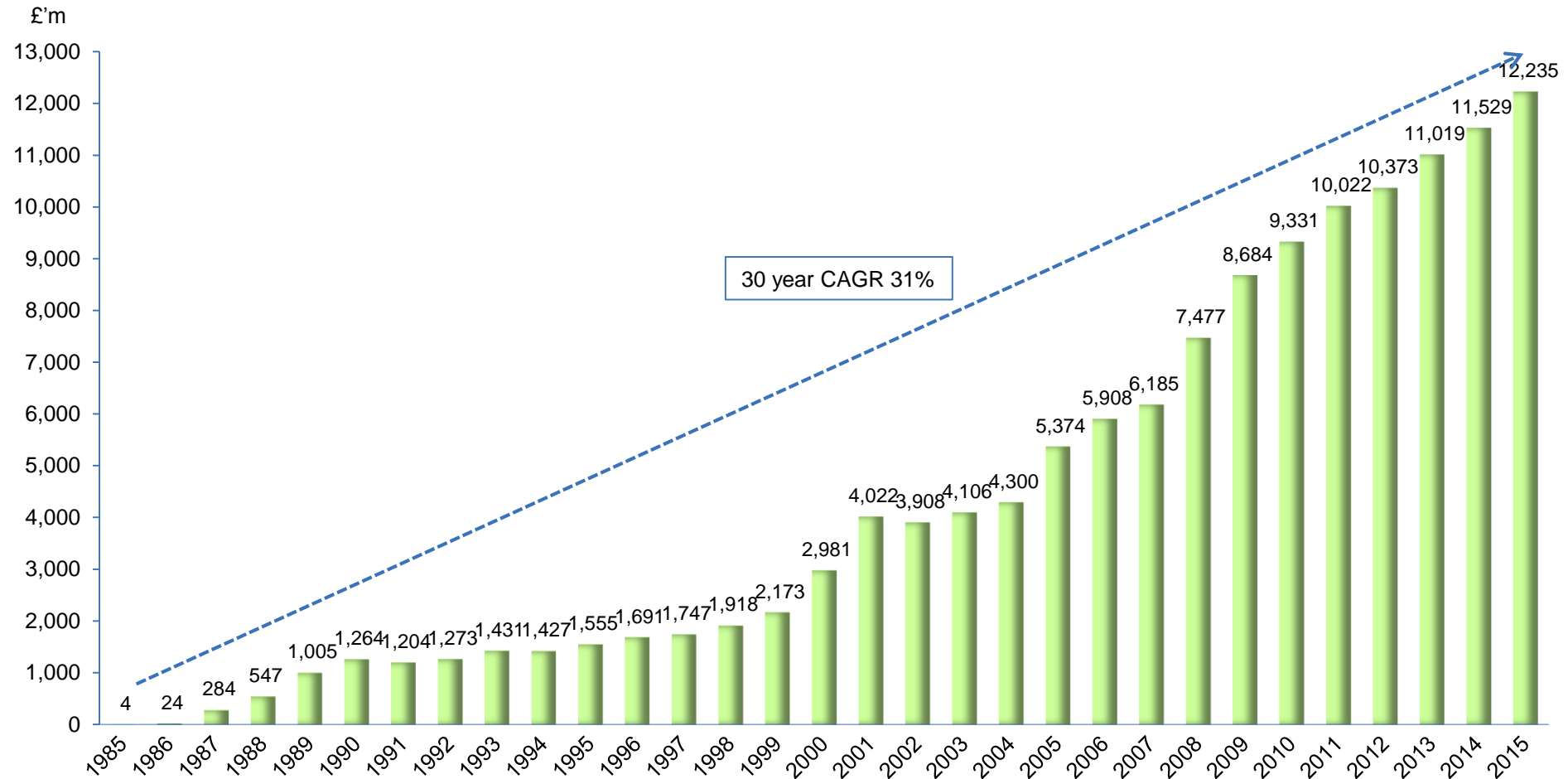


## 2 30 Year History *(Hard Copy Only)*



# 30 Year History

## WPP Reported Revenue

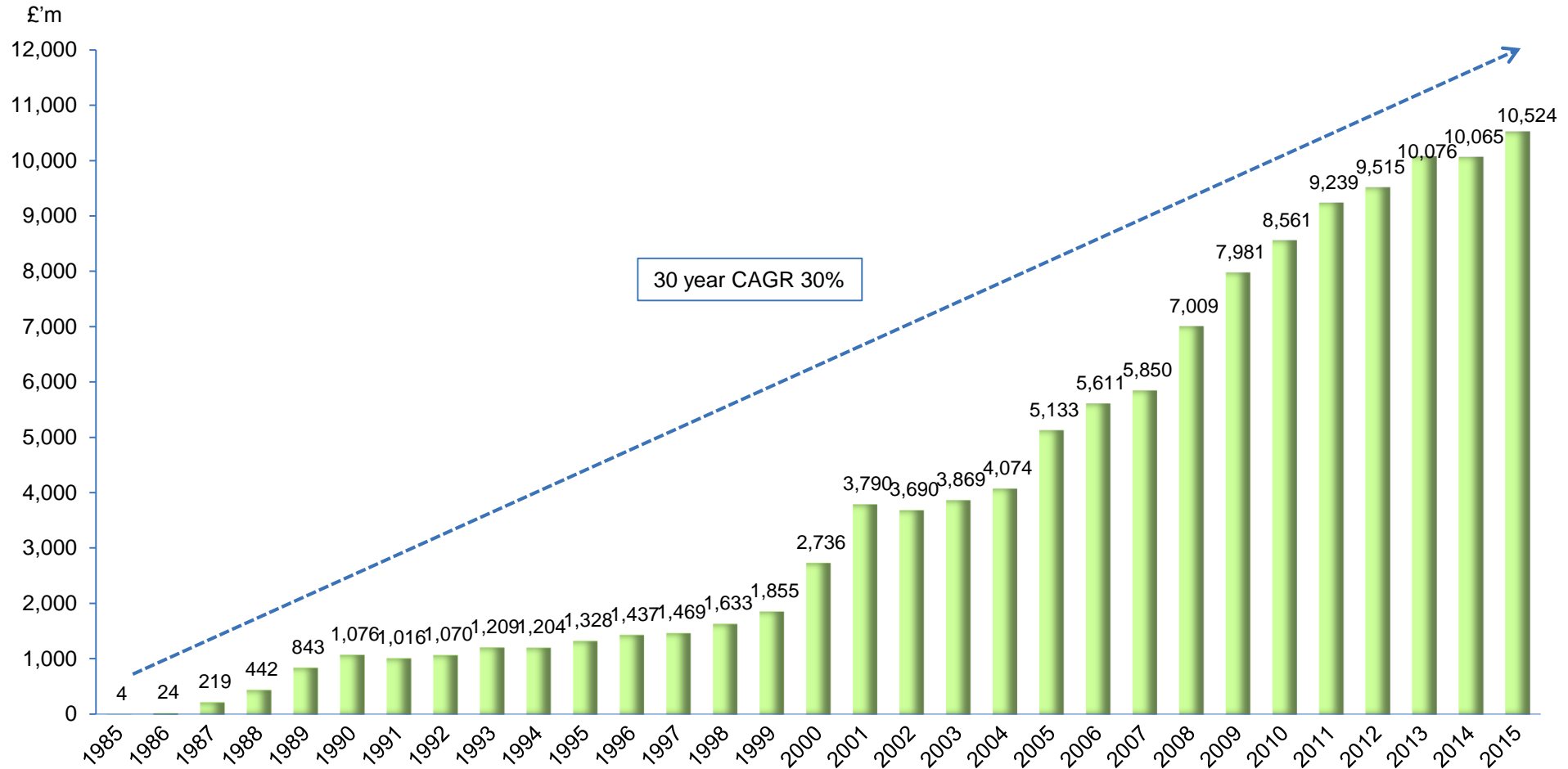


30 year CAGR 31%



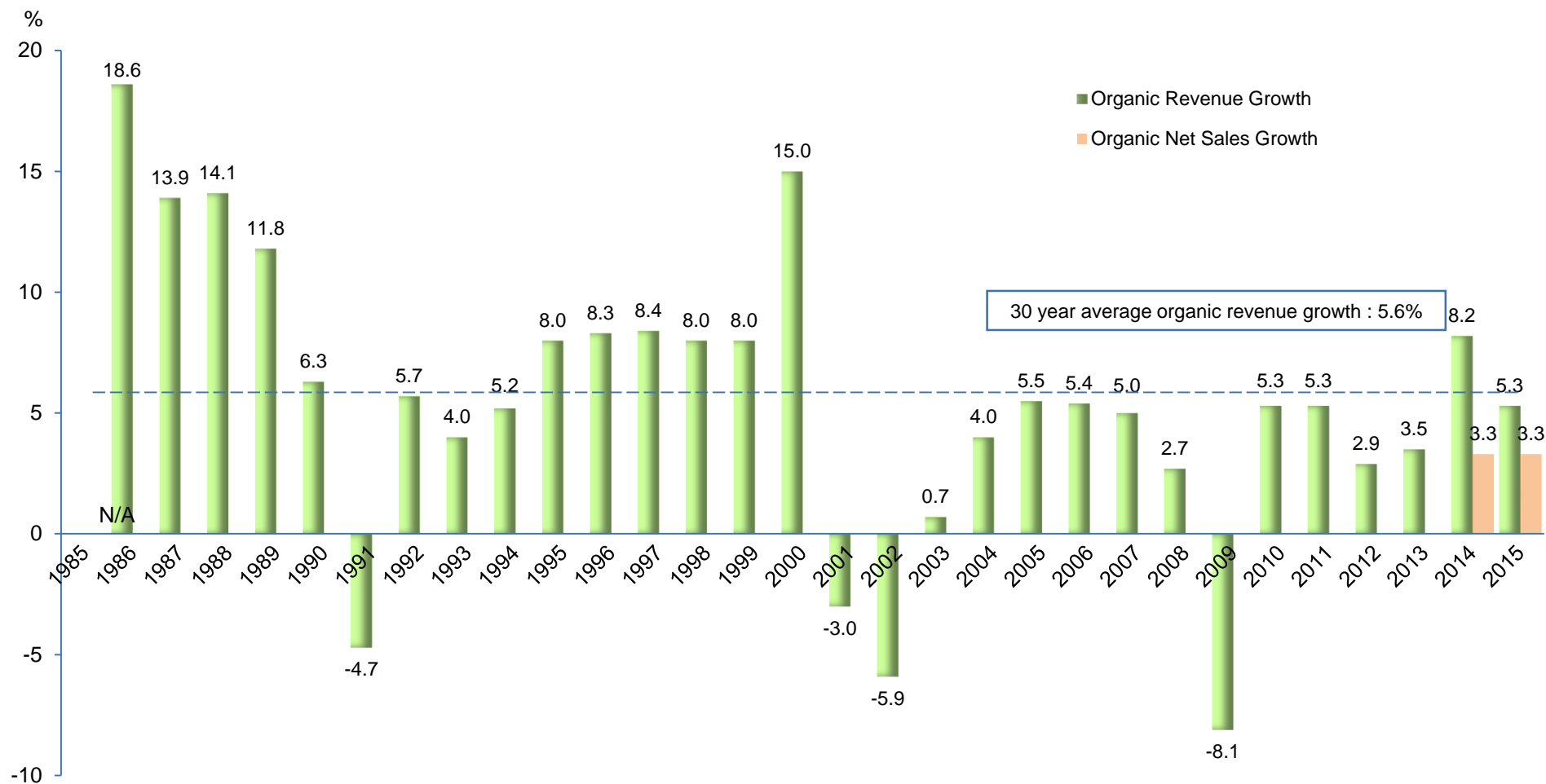
# 30 Year History

## WPP Net Sales



# 30 Year History

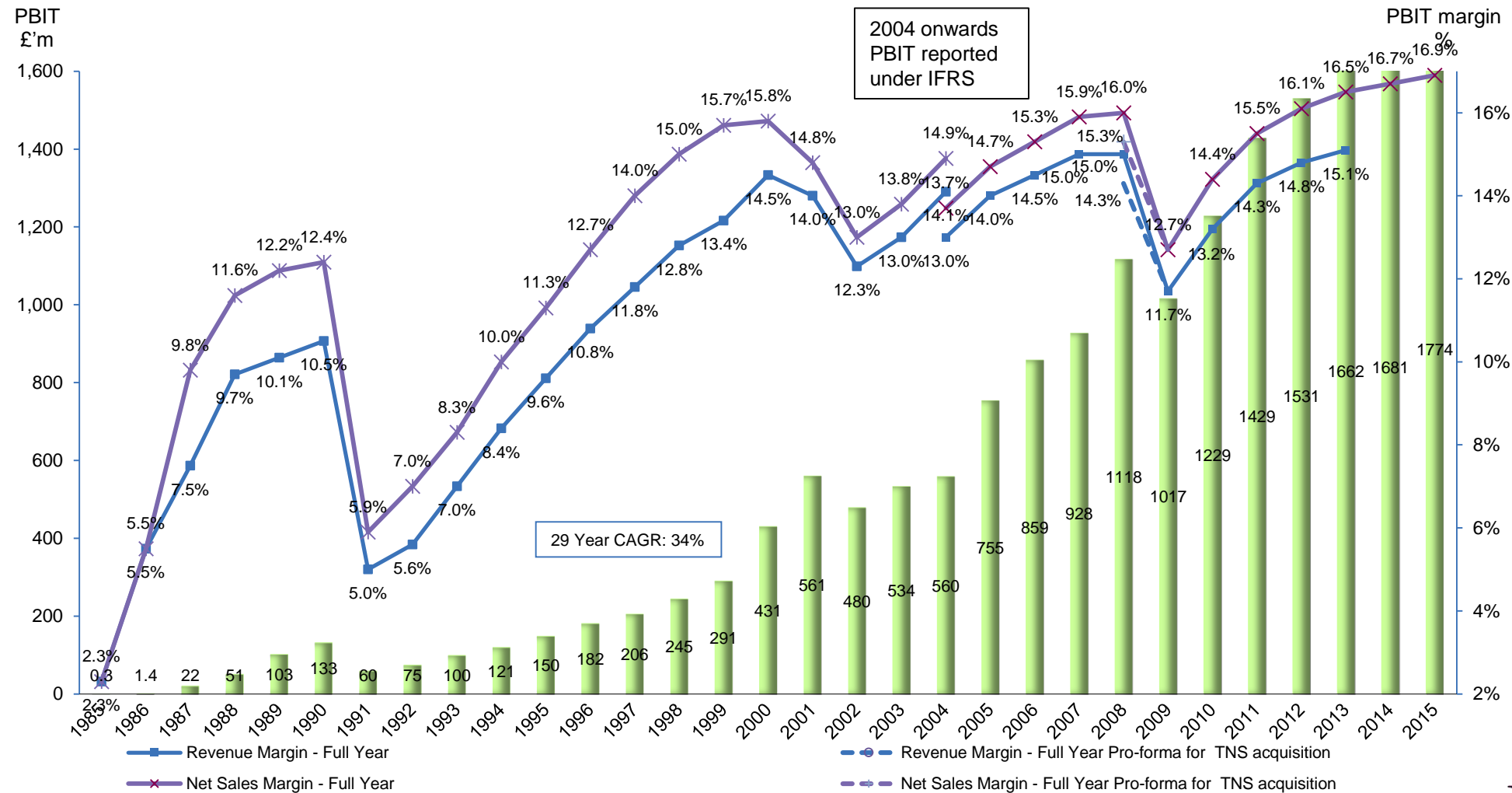
## WPP Organic Growth



Note: Estimates for 1985-1990

# 30 Year History

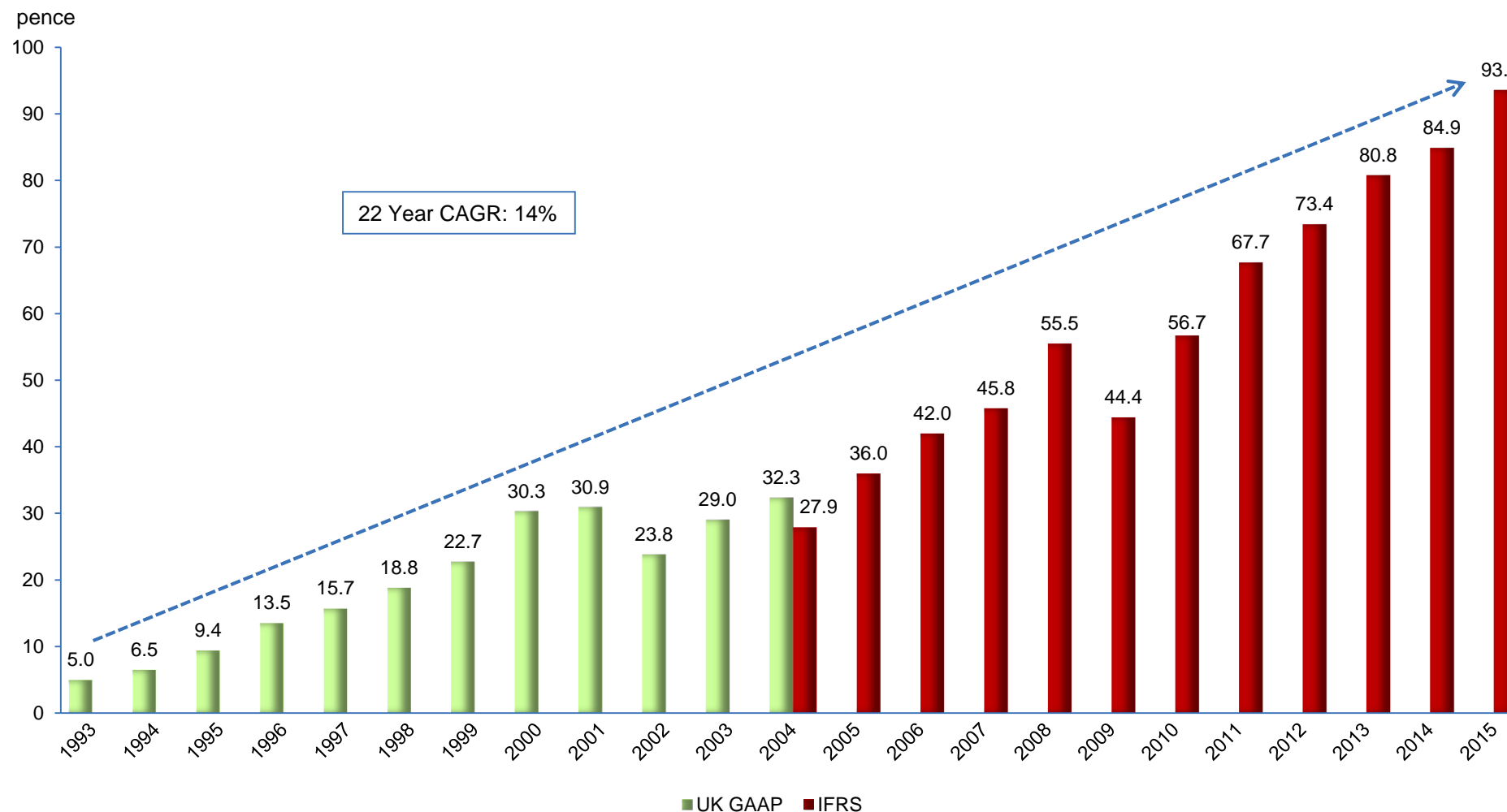
## WPP PBIT and Margins



Note: Headline PBIT includes associates and excludes goodwill and intangible charges, gain on sale of New York property, restructuring charges, costs of changes in corporate structure, gains/losses on disposals of subsidiaries and investments, investment write-downs and share of exceptional gains/losses of associates, restructuring costs and IT asset write-downs. For 2004 onwards, headline PBIT has been prepared under IFRS. 2003 and prior periods are in accordance with previous UK GAAP.

# Long Term Impact of Financial Model

## WPP Headline Diluted EPS Post 1992 Rights Issue



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



# 3 Other Financial Information

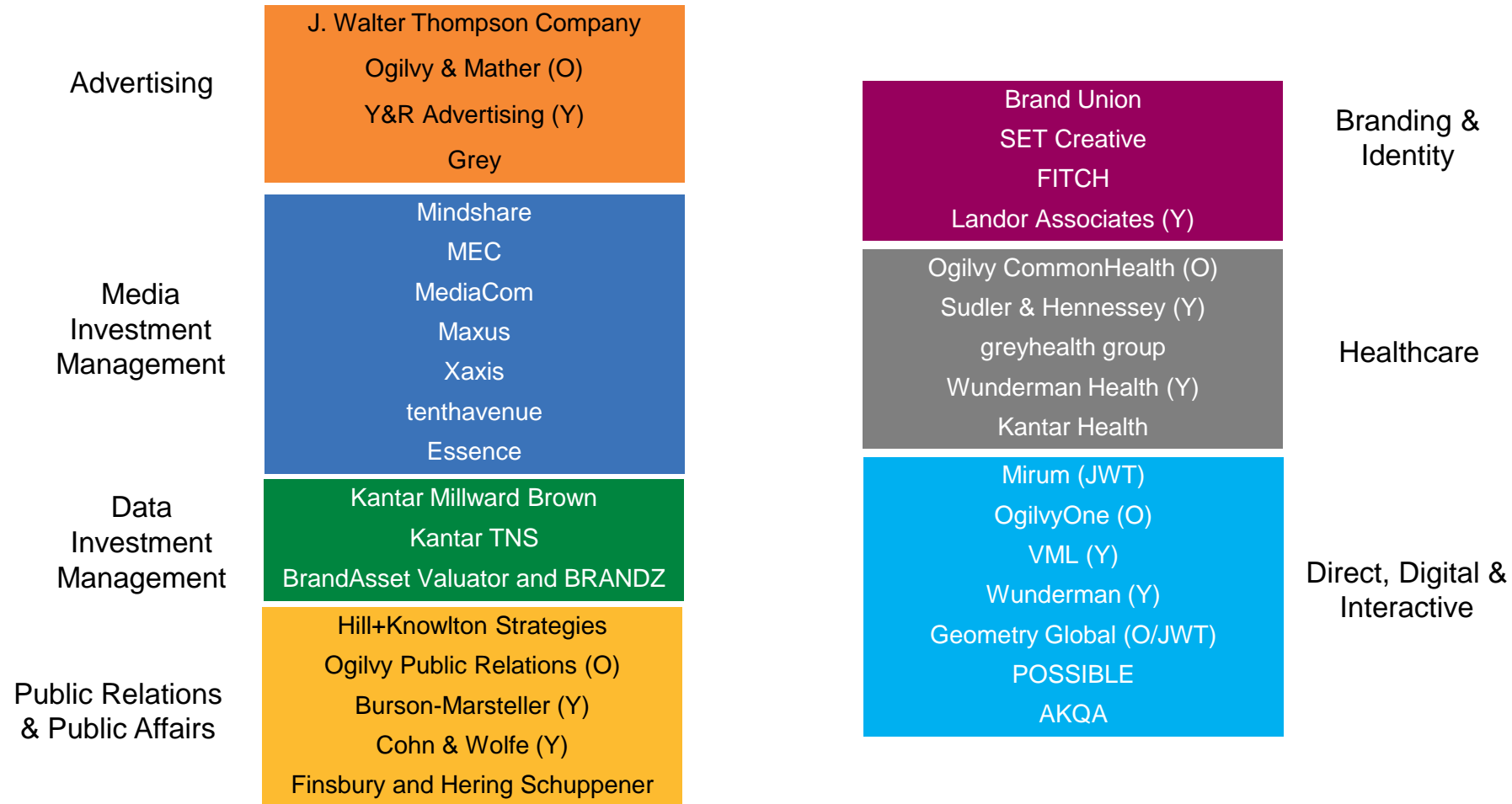
*(Hard Copy only)*





# WPP Today

WPP Has Many of the Best Known Brands in the Industry  
Ranked 1 or 2 in all sectors in which it competes



O = part of Ogilvy Group  
JWT = part of JWT Group  
Y = part of Y&R Brands

# WPP Today

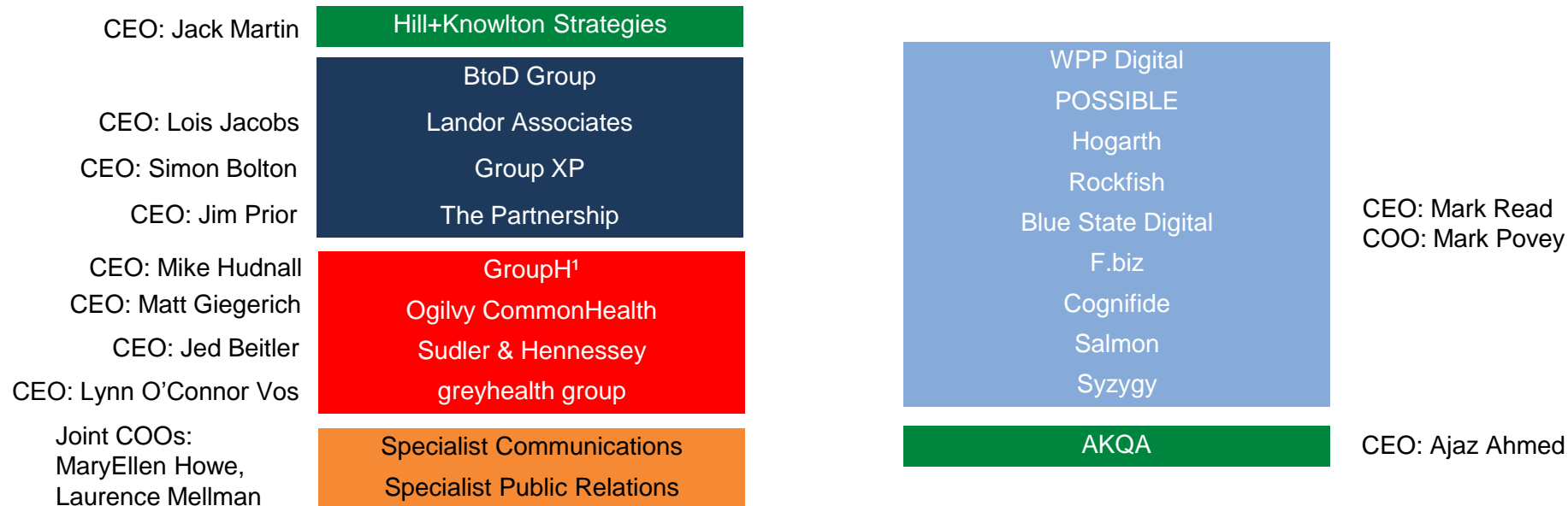
## Six Reporting Relationships Cover Nearly 90% of Revenue Revenue by Brand



<sup>1</sup> Y&R Brands but separate business reviews

# WPP Today

Six Further Reporting Relationships Cover Most of the Remaining 10% of Revenue  
Revenue by Brand



<sup>1</sup> TBA – WPP Health and Wellness

# Third Quarter 2016

## Acquisitions

### Conexance – France (Wunderman)

Conexance operates the leading data co-operative covering consumer transactions in France. It is a database marketing company and a leader in providing proprietary statistical modelling to identify consumer behaviours and attributes that are strong predictors of future purchases. Solutions provide improved performance for customer prospecting as well as building customer loyalty both online and offline. Its data cooperative offers more than 25 million individual household buyers and 32 million digital profiles qualified by one billion business transactions from more than 500 data-contributing retailers and merchants. It is based in Lille and Paris and employs about 40 people.



### The Corpus - UK (GroupH)<sup>1</sup>

The Corpus is an innovative, independent medical education initiative designed to improve clinical practice. Based in the UK, The Corpus has developed a dedicated online platform to provide small-group interactive training sessions for healthcare practitioners delivered by internationally respected clinicians. Each session features a live online presentation followed by in-depth, interactive Q&A and is supported by a leading pharmaceutical company. Over the next 12 months, The Corpus expects to facilitate around 750 training sessions covering a wide range of medical fields from asthma to oncology.



### Easycom – China (Grey)

Easycom is a social marketing agency in China. Founded in Shanghai in 2006, Easycom employs more than 40 people and specialises in key opinion leader (KOL) management, social content creation and campaign management, social to offline (S2O) event activation, media relations and crisis management. Clients include L'Oréal, LVMH, Philips, Diageo, Boehringer-Ingelheim, Kiehl's, Coty and China Merchants Bank.



<sup>1</sup> Investment

# Third Quarter 2016

## Acquisitions



### **Famous – Belgium (Grey)**

Famous is a leading creative agency in Belgium. Founded in 1998 and based in Brussels, it is a multi-award winning and full-service agency with creativity at its core. Famous creates in three languages: French, Flemish and English. Its main services include creative and design, strategy and innovation, digital strategy and production, data and performance marketing and PR.



### **iStrategyLabs – USA (J. Walter Thompson Company)**

iStrategyLabs is a full service digital agency in USA. Clients include Kroger, Medtech and USA Network. The agency is based in Washington, D.C. with an office in New York and employs 80 people. It was founded in 2007 and is a full-service digital agency specialising in combining the offline and online worlds to engage consumers.



### **Linkpulse – Norway (plista/Xaxis)**

Linkpulse is a real-time content analytics company. Based in Oslo, Linkpulse works with over 120 publishers in Europe, enabling them to track the performance of articles across devices via customized dashboards and alerts. For example, using Linkpulse's technology, editors can test the performance of headlines and images in real-time. Incorporating Linkpulse's technology into the plista service offering further strengthens plista's position as a one-stop partner for publishers wishing to maximise engagement with, and monetisation of, their content. The companies have worked closely together for the past two years.



# Third Quarter 2016

## Acquisitions

### LNEI – France (WPP Ventures)<sup>1</sup>

Les Nouvelles Editions Indépendantes SAS (“LNEI”) is a media group focused on investments in the French and international media sectors. Founded and controlled by Matthieu Pigasse, LNEI was launched in 2009 in Paris and has investments in leading French publishing titles in newspaper, magazine, radio, TV and online markets, including Le Monde, L’Obs, Les Inrocks, Telerama, Radio Nova, the French edition of the Huffington Post and VICE France. LNEI is also a founding partner of Mediawan, a special-purpose acquisition company focused on the traditional and digital media content and entertainment industries in Europe, which has recently completed a €250 million listing of its securities on Euronext.

### Maruri – Ecuador (Grey)

Maruri is the leading full-service communications services firm in Ecuador. Clients include DIRECTV, SABMiller and La Fabril. Founded in 1991, it employs 130 people and is based in Guayaquil with an office in Quito. Maruri is the clear market leader in Ecuador, especially recognized for its creative capabilities. It was named agency of the year by the local industry trade association 12 times and, internationally, has won 30 lions at the Cannes Lions International Festival of Creativity in just the last five years. It has also won 15 Latin American “Effie” awards for advertising effectiveness.



### StartJG – Hong Kong (FITCH)<sup>2</sup>

StartJG Hong Kong is a brand and customer experience design consultancy. Formerly part of the Start Group, an independent network, StartJG Hong Kong will be changing its name to FITCH Design Ltd. StartJG Hong Kong was founded in 2009 and employs around 40 people. StartJG Hong Kong specialises in branding, environment and interaction design with strong digital and retail branding capabilities. Clients include Swire Properties, Nord Anglia Education (NAE) HK and Genting HK.



<sup>1</sup> Investment

<sup>2</sup> Acquisition since 1 October

# Third Quarter 2016

## Acquisitions



### ScrollMotion – USA (WPP Ventures)<sup>1,2</sup>

ScrollMotion is a software company that has developed a platform for building interactive mobile content without the need for developers. ScrollMotion has worked with multiple clients and agencies, including Apple, Genentech, JPMorgan Chase & Co., Verizon and ghg/greyhealthgroup, WPP's wholly-owned healthcare communications specialist. ScrollMotion employs approximately 80 people and is based in New York with an office in San Diego. It was founded in 2008. Its software division develops designer-friendly tools that enable clients and agencies to build and distribute interactive mobile content for sales teams, trade shows and kiosks. Its creative agency, ScrollMotion Blue, works directly with clients to design apps.



### Triad Retail Media – USA (Xaxis)<sup>1</sup>

Triad Retail Media is a leading digital retail media specialist in the US. Clients include Walmart, Sam's Club, eBay, Toys "R" Us, Kohl's, Asda Stores Limited and other global retailers. The company employs nearly 700 people. It is based in St. Petersburg, FL with offices in London, Sydney, Hamburg, Amsterdam and ten other markets. It was founded in 2004. Triad fuels mobile and desktop e-commerce by enabling large retailers to turn their websites and apps into valuable advertising platforms, providing marketers with unparalleled ability to reach and engage consumers as they shop online. The deal will establish Xaxis as a significant player in the fast-growing retail media and e-commerce market while providing Triad with access to Xaxis' technology expertise and the resources and client base of WPP.



<sup>1</sup> Acquisition since 1 October  
<sup>2</sup> Investment

# Third Quarter 2016

## Acquisitions



### **WANDA Digital<sup>1</sup> – Turkey (J. Walter Thompson Company)**

WANDA Digital is a leading independent digital agency in Turkey. Founded in 2006 and employing around 80 people in Istanbul, its clients include Media Markt, Nestle, Turkcell, Ülker and Unilever. WANDA Digital offers a range of services including campaigns, social media, platform development and games and apps.



### **Woven Digital<sup>2</sup> – USA (WPP Ventures)**

Woven Digital is a digital media company that targets the millennial male market, in the US. Clients include AB Inbev, AT&T, NBC Universal and the Ultimate Fighting Championship. The company employs 130 people and is based in Culver City, CA, with offices in New York and Chicago. It was founded in 2010. WPP Ventures is the lead investor in the Series B round. Other investors include Institutional Venture Partners and H-14. Woven is a digital media company that produces and distributes pop culture content to nearly 50 million monthly users. Through exclusive stories, award-winning original documentaries and informative daily programming, Woven Digital is home to some of the most influential content targeting millennial men through its three distinct brands: Uproxx, Hitfix and BroBible.



<sup>1</sup> Step-up from investment to subsidiary

<sup>2</sup> Investment





# WPP

## Third Quarter 2016

London

