

Who we are

WPP is the world leader in communications services. It comprises leading companies in all these disciplines:

- Advertising
- Media Investment Management
- Data Investment Management
- Public Relations & Public Affairs
- Branding & Identity
- Healthcare Communications
- Direct, Digital, Promotion & Relationship Marketing
- Specialist Communications

There are more than 155 companies within the Group – and each is a distinctive brand in its own right. Each has its own identity, commands its own loyalty, and is committed to its own specialist expertise. That is their individual strength. Clients seek their talent and their experience on a brand-by-brand basis. Between them, our companies work with 355 of the Fortune Global 500, all 30 of the Dow Jones 30 and 71 of the NASDAQ 100. It is also of increasing value to clients that WPP companies and their people can work together, as increasingly they do: providing a tailor-made range of integrated communications services. Nearly 830 clients are now served in three distinct disciplines. Over 530 clients are served in four disciplines, and these clients account for over 53% of Group revenues. Group companies also work with nearly 430 clients across six or more countries.

Collectively, almost 179,000 people (including associates) work for WPP companies, out of over 3,000 offices in 111 countries.

Why we exist

Within WPP, our clients have access to companies with all the necessary marketing and communications skills; companies with strong and distinctive cultures of their own; famous names, many of them. WPP, the parent company, complements these companies in three distinct ways.

■ First, it relieves them of much administrative work.

Financial matters (such as planning, budgeting, reporting, control, treasury, tax, mergers, acquisitions, investor relations, legal affairs and internal audit) are co-ordinated centrally.

■ Second, the parent company encourages and enables operating companies of different disciplines to work together for the benefit of clients. It also plays an across-the-Group role in the management of talent, property, procurement, IT, knowledge sharing, practice development and sustainability.

■ And, finally, WPP itself can function as the 21st-century equivalent of the full-service agency. For some clients, predominantly those with a vast geographical spread and a need for a wide range of marketing services, WPP can act as a portal to provide a single point of contact and accountability.

Our mission

To develop and manage talent;
to apply that talent,
throughout the world,
for the benefit of clients;
to do so in partnership;
to do so with profit.

Read more about our role on page 14.

What we think

In praise of the long view

by Sir Martin Sorrell

Champions of the long view are becoming harder to find. Boardrooms (in the West at least) are more likely to be inhabited by the ghosts of Lehman than John Maynard Keynes' animal spirits. Consequently, targets are often reached not by maximising revenues, but by minimising costs – including marketing spend.

Despite the challenges, our business performed well in 2014, which was another record year for the Group. We expect the pattern for 2015 to be much the same: a bit of a slog, but a satisfactory result at the end of it, ahead of last year. Looking further into the future, corporate minds will eventually turn to investment and growth, and marketing services will be one of the principal beneficiaries.

Throughout our three decades of existence, taking the long view has worked well for WPP and its stakeholders.

We have the right strategy to take advantage of the fundamental shifts – both technological and geographical – shaping our industry. We continue to focus on: new markets, new media, data investment management and the application of technology, and 'horizontality'.

Sir Martin Sorrell's article begins on page 87.

You May Not Know Where You're Going Until You've Got There

(Which is why The Best Brief may be The Brand)

by Jeremy Bullmore

In business, particularly in marketing, we seem to be at least as reluctant as scientists to come clean about our processes of thought.

Read Jeremy Bullmore's essay on pages 102 to 104.

Four strategic priorities

Our goal remains to be the world's most admired and respected communications services advisor to global, multinational, regional and local companies. To that end, we have four core strategic priorities:

- 1 Increase the combined geographic share of revenues from the faster-growing markets of Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe to 40-45% of revenues.
- 2 Increase the share of revenues of new media to 40-45% of revenues.
- 3 Maintain the share of more measurable marketing services – such as data investment management and direct, digital and interactive – at 50% of revenues, with a focus on the application of new technology, big data and digital.
- 4 Advance 'horizontality' by ensuring our people work together for the benefit of clients, primarily through two horizontal integrators: Global Client Leaders and Regional, Sub-Regional and Country Managers.

Our Strategic report starts on page 24. Our 2014 financial statements are presented in full on pages 181 to 239 and at wpp.com/investor.

How we're doing

Financial summary

2014, our twenty-ninth year, was another record one, with revenue, profitability, net sales margins and earnings per share all reaching new highs, despite strong currency headwinds.

Billings*

£46,186m

Reported 0.0%
Constant 6.8%

Revenue

£11,529m

Reported 4.6%
Constant 11.3%

Net sales*

£10,065m

Reported -0.1%
Constant 6.3%

Headline EBITDA*

£1,910m

Reported 0.7%
Constant 7.5%

Headline PBIT*

£1,681m

Reported 1.1%
Constant 8.0%

Net sales margin*

16.7%

Reported 0.2%¹
Constant 0.3%¹

Headline PBT*

£1,513m

Reported 3.7%
Constant 11.6%

Reported profit before tax

£1,452m

Reported 12.0%
Constant 21.3%

Headline diluted EPS*

84.9p

Reported 5.1%
Constant 12.6%

Reported diluted EPS*

80.5p

Reported 15.7%
Constant 24.9%

Dividends per share

38.20p

Reported 11.7%
Constant 11.7%

2014 results

Reported billings were £46.2 billion, up almost 7% in constant currencies, driven by a strong leadership position in net new business league tables for the third year in a row. Revenue was up well over 4% to £11.5 billion and up over 11% in constant currencies.

Dividends increased by 11.7% to 38.20p, a new high. This represents a dividend pay-out ratio of 45% of headline diluted earnings per share, achieved one year earlier than the objective set after the 2013 AGM.

Headline PBIT was up over 1% to £1.681 billion and up 8% in constant currencies. Net sales margins increased by 0.2 margin points to an industry-leading 16.7% and, on a constant currency basis, were up 0.3 margin points, in line with target.

Reported profit before interest and tax rose over 6% to £1.569 billion from £1.478 billion, up over 14% in constant currencies. Headline EBITDA increased by 0.7% to £1.910 billion, up 7.5% in constant currencies. Headline profit before tax was up well over 3% to £1.513 billion and reported profit before tax was up 12% to £1.452 billion. Diluted headline earnings per share rose by over 5% to 84.9p (an all-time high) and diluted reported earnings per share were up well over 15% to 80.5p.

The value of the Group's non-controlled investments rose by almost £400 million to £669 million during the year, reflecting the increasing value of our investments in content businesses, primarily VICE, and the technology partnerships formed during the year with AppNexus and Rentrak.

With a current equity market capitalisation of approximately £20.5 billion, the total enterprise value of your Company is

(% change from 2013 in reported and constant currency)

* Refer to financial summary on page 21 for additional information.

¹ Margin points

approximately £23.6 billion, a multiple of 12.4 times 2014 headline EBITDA.

Free cash flow and net debt

Free cash flow amounted to almost £1.2 billion in 2014, over £1 billion for the fourth consecutive year. Average net debt was £3.0 billion in 2014, the same level as in 2013, at 2014 exchange rates, and net debt at 31 December 2014 was £2.3 billion, against £2.2 billion in 2013, reflecting significant incremental net acquisition spend of £0.3 billion and incremental share re-purchases of £0.3 billion, more than offsetting the improvements in working capital at the year end. Average net debt remained around 1.6 times headline EBITDA in 2014, at the low end of the Group's target range of 1.5-2.0 times.

Revenue growth

Our reported revenue growth for the year was 4.6%, and on a constant currency basis, which excludes the impact of currency movements, revenue was up 11.3%. This difference of 6.7% reflects strong foreign currency headwinds: chiefly due to the strength of the pound sterling against the US dollar and euro in the first nine months, to some extent offset by the weakness of the pound sterling against the US dollar, Japanese yen, Australian dollar and Indian rupee in the final quarter.

On a like-for-like basis, which excludes the impact of currency and acquisitions, revenue was up 8.2%, with net sales up 3.3%. In the fourth quarter, like-for-like revenue was up almost 8%, following like-for-like growth in the third quarter of well over 7%, due to stronger growth in the fourth quarter in North America, the UK and Western Continental Europe, offset by lower growth in Asia Pacific, Latin America, Africa & Middle East and

Central & Eastern Europe. Like-for-like revenue growth in the second half was therefore well over 7% compared with well over 8% in the first.

Geographic performance

North America, with constant currency revenue growth of well over 10% in the final quarter and like-for-like growth of over 9%, maintained the strong growth seen in the first nine months, an improvement over the third quarter year-to-date constant currency growth of almost 10%.

In the UK, constant currency revenue was up 16%, with like-for-like up almost 13% on a full year basis. Net sales were up over 7% in constant currency, with like-for-like up almost 5%.

Western Continental Europe revenue grew almost 4% like-for-like (almost 5% in the second half), compared with 0.5% in 2013.

In Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe, revenue growth in the fourth quarter was fastest overall, as it was in quarter three, up 16% in constant currency and up over 6% like-for-like.

Sector performance

Advertising and Media Investment Management was the strongest performing sector, with constant currency revenue up almost 20% for the year and up over 16% like-for-like. Net sales were up almost 8% in constant currencies and up 5% like-for-like.

Data Investment Management revenue grew by 1.5% in constant currency, with like-for-like revenue up 0.6%, and the second half weaker than the first, partly due to stronger comparatives in the second half of 2013. More significantly, net sales were stronger, up almost 1% in constant currencies and up 0.6% like-for-like,

The fast read

How we're doing

2014 revenue by geography

%



| | |
|--|----|
| ● North America | 34 |
| ● UK | 14 |
| ● Western Continental Europe | 22 |
| ● Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | 30 |

2014 headline PBIT¹ by geography

%



| | |
|--|----|
| ● North America | 37 |
| ● UK | 13 |
| ● Western Continental Europe | 17 |
| ● Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | 33 |

2014 revenue by sector

%



| | |
|---|----|
| ● Advertising and Media Investment Management | 44 |
| ● Data Investment Management | 21 |
| ● Public Relations & Public Affairs | 8 |
| ● Branding & Identity, Healthcare and Specialist Communications | 27 |

2014 headline PBIT¹ by sector

%



| | |
|---|----|
| ● Advertising and Media Investment Management | 50 |
| ● Data Investment Management | 16 |
| ● Public Relations & Public Affairs | 8 |
| ● Branding & Identity, Healthcare and Specialist Communications | 26 |

reflecting an improvement in the custom research parts of the business.

The Group's Public Relations & Public Affairs businesses returned to top-line growth in 2014, with full year revenue up well over 2% on both a constant currency and like-for-like basis.

At the Group's Branding & Identity, Healthcare and Specialist Communications businesses (including direct, digital and interactive), full-year revenue was up over 9% in constant currency and up 4% like-for-like. In the fourth quarter, constant currency revenue grew strongly at over 11% with like-for-like revenue growth of over 4%, an improvement over the third quarter. Net sales margins for the sector as a whole fell 0.7 margin points to 14.7% and by 0.6 margin points in constant currency, as parts of the Group's direct, digital and interactive businesses in Western Continental Europe, together with Branding & Identity and Healthcare Communications slowed.

In 2014, 36% of the Group's revenue and net sales came from direct, digital and interactive, up over one percentage point from the previous year, with revenue growing well over 11% like-for-like.

Industry rankings

For the fourth successive year, your Company was awarded the Cannes Lion for Creative Holding Company of the Year, in recognition of your Company's collective creative excellence; and also for the fourth consecutive year, WPP was ranked Most Effective Holding Company in the Effie Global Effectiveness Index.

In April 2015, WPP was named one of America's 500 best employers by *Forbes* magazine, the only company in the communications services industry to be placed among the top 500 employers.

¹ The calculation of headline PBIT is set out in note 31 of the financial statements.

Who runs WPP

Non-executive chairman

Philip Lader

Chairman of the Nomination and Governance Committee

Roberto Quarta

Chairman designate
Member of the Compensation Committee and Nomination and Governance Committee

Executive directors

Sir Martin Sorrell

Chief executive

Paul Richardson

Finance director
Chairman of the Sustainability Committee

Non-executive directors

Roger Agnelli

Member of the Audit Committee, Compensation Committee and Nomination and Governance Committee

Jacques Aigrain

Member of the Audit Committee and Compensation Committee

Charlene Begley

Member of the Audit Committee and Nomination and Governance Committee

Colin Day

Chairman of the Audit Committee and member of the Compensation Committee

Sir John Hood

Chairman of the Compensation Committee

Ruigang Li

Member of the Compensation Committee and Nomination and Governance Committee

Daniela Riccardi

Member of the Compensation Committee

Jeffrey Rosen

Member of the Audit Committee, Compensation Committee and Nomination and Governance Committee
Senior independent director

Nicole Seligman

Member of the Compensation Committee

Hugo Shong

Member of the Audit Committee, Compensation Committee and Nomination and Governance Committee

Timothy Shriver

Member of the Compensation Committee and Nomination and Governance Committee

Sally Susman

Member of the Nomination and Governance Committee

Sol Trujillo

Member of the Audit Committee and Compensation Committee

Members of the Advisory Board

Jeremy Bullmore

John Jackson

Bud Morten

Koichiro Naganuma

John Quelch

Richard Rivers

Cuneyd Zapsu

Company Secretary

Marie Capes

Directors' biographies appear on pages 108 to 111.

How we behave and how we're rewarded

Governance

The Board of Directors is committed to achieving compliance with the principles of corporate governance set out in the UK Corporate Governance Code and to comply with relevant laws, regulations, and guidelines such as the US Sarbanes-Oxley Act 2002, the NASDAQ rules and, where practicable, with the guidelines issued by institutional investors and their representative bodies.

WPP operates a system of internal control, which is maintained and reviewed in accordance with the UK Corporate Governance Code and the guidance in the Turnbull Report and the FRC guidance on risk management.

Further details on corporate governance, and how we comply, can be found on pages 167 to 179.

Compensation

Executive Remuneration Policy is set by WPP's Compensation Committee and is governed by three guiding principles:

- Performance
- Competitiveness
- Alignment with share owner interest

The full report from WPP's Compensation Committee can be found on pages 123 and 124.

Sustainability

Sustainability issues increasingly impact the operations, strategies and communications of leading brands. As these brands – our clients – adapt to social and environmental challenges they look to our companies for the best advice and insight. By developing our sustainability expertise and by improving our own social and environmental performance, we can forge stronger relationships with our clients and generate value for our business and society.

Clients who engaged with us on sustainability were worth at least £1.35 billion to the Group in 2014, equivalent to 12% of revenues, a 7% increase on the previous year.

People

- We invested £73.9 million on training and welfare programs in 2014.
- At year-end 2014, women comprised 24% of the WPP Board, 31% of directors and executive leaders of our companies and 54% of total full-time employees.

Environment

- We have cut our carbon footprint per employee to 2.26 tonnes of CO₂e, a 33% reduction from 2006.
- Our video conferencing network now comprises more than 700 units in over 160 cities.

Social contribution

- In 2014, our social investment was worth £21.8 million, equivalent to 1.5% of reported profit before tax.
- In addition, WPP media agencies negotiated free media space worth £25.1 million on behalf of pro bono clients.

Read a summary of our performance and activities in 2014 on pages 159 to 165.