

WPP



Trading Statement for the First Quarter 2013

April 2013



First Quarter 2013

Highlights



- Q1 organic revenue growth of 2.1% with 3.0% contribution from acquisitions.
- Q1 profits and operating margin above budget and well ahead of last year.
- Strongest region - Asia Pacific, Latin America, Africa & the Middle East and Central and Eastern Europe, with organic revenues up 7.8%. The United Kingdom “bucks” the trend with 3.7% organic growth, with Western Continental Europe still difficult, but only down 0.8% like-for-like.
- Improving performance in consumer insight, with particularly strong growth in Asia Pacific and Latin America and modest growth in the United States.
- Headcount falling 0.4% like-for-like since 1 January 2013 and by 0.5% on average in first quarter, whilst revenues rose 2.1%.



First Quarter 2013

Summary



- Reported revenue up 5.9% with constant currency revenue up 5.1%.
- Like-for-like revenue up 2.1% with gross margin up slightly less at 1.9%.
- First quarter profits and margins ahead of budget and well ahead of last year.
- Net new business wins in the first quarter of \$1.504 billion compared to \$1.855 billion and in line with 2012 quarterly average of \$1.5 billion. Significant number of new business decisions awaited.



First Quarter 2013

Summary



- Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe continues to be fastest growth region with like-for-like growth of 7.8%.
- UK strong with like-for-like growth of 3.7%.
- Western Continental Europe remains challenging with like-for-like growth of -0.8%, showing relative stability in the first quarter.
- Advertising and Media Investment Management is the Group's strongest sector with like-for-like growth of 3.9%.
- Consumer Insight like-for-like growth of 1.0% driven by growth in Asia Pacific, Latin America, Africa and the Middle East and Central and Eastern Europe. USA improving with growth in first quarter, but the United Kingdom still difficult.
- Branding & Identity, Healthcare and Specialist Communications like-for-like growth 2.4%, with all parts except branding & identity performing strongly.



First Quarter 2013

Summary – Revenue Growth



| | % |
|--|------------|
| Like-for-like | 2.1 |
| Acquisitions | 3.0 |
| Constant currency | 5.1 |
| Foreign exchange | 0.8 |
| Reportable sterling | 5.9 |
| Reportable US dollars¹ | 4.1 |
| Reportable euros² | 3.6 |

¹ Translated into US\$, using among other currencies, average exchange rates of US\$/£ for Q1 2013 of \$1.552 (Q1 2012: \$1.572)

² Translated into Euros, using among other currencies, average exchange rates of €/£ for Q1 2013 of €1.175 (Q1 2012: €1.198)

First Quarter 2013

Revenue by Discipline



| | 2013 £m | 2012 £m | Reported | % Change | | |
|--|--------------|--------------|------------|----------------------|-------------------|------------------------|
| | | | | Constant Currency | Like-for- like | |
| Advertising, Media Investment Management | 1,032 | 973 | 6.0 | 5.4 | 3.9 | |
| Consumer Insight | 588 | 569 | 3.2 | 2.5 | 1.0 | 0.9 ¹ |
| Public Relations & Public Affairs | 221 | 225 | -1.4 | -2.7 | -4.1 | |
| Branding & Identity, Healthcare and Specialist Communications | 691 | 625 | 10.6 | 10.0 | 2.4 | |
| Total | 2,532 | 2,392 | 5.9 | 5.1 | 2.1 | 1.9¹ |

¹ Gross margin like-for-like growth



First Quarter 2013

Advertising, Media Investment Management



- Strongest performing sector with like-for-like growth of 3.9% in first quarter.
- Strong growth in Y&R and Grey in the first quarter, particularly in the United States following several major new business successes in 2012. Still awaiting significant new business decisions.
- Media investment management up 7.4% like-for-like in first quarter, with double digit growth in all regions except North America and Continental Europe.



First Quarter 2013

Consumer Insight



- Consumer insight significant improvement over the final quarter of 2012 with like-for-like revenue up 1.0% and gross margin up 0.9%.
- Like-for-like revenue growth in North America in the first quarter, the first time for a considerable period.
- Like-for-like revenue growth in Asia Pacific, Latin America, Africa and the Middle East well above the average, but the United Kingdom and Western Continental Europe slower.
- Syndicated services like Kantar Media, Kantar Worldpanel and Lightspeed (including GMI) performed strongly.



First Quarter 2013

Public Relations & Public Affairs



- Constant currency revenues down 2.7%, with like-for-like down 4.1%, with all of the Group's brands affected.
- Geographically, North America, Western Continental Europe and Asia Pacific were particularly difficult. The United Kingdom and Latin America were stronger.



First Quarter 2013

Branding & Identity, Healthcare and Specialist Communications



- Continuing good performance with constant currency revenues up 10.0% and like-for-like revenue growth of 2.4% in first quarter.
- The Group's Specialist Communications businesses showed the strongest growth of this sector, followed by direct, digital and interactive and healthcare communications. Branding & identity came under pressure in most markets.



First Quarter 2013

Direct, Digital and Interactive



- At 31 March 2013, direct, digital and interactive revenues were \$1.3bn or almost 34% of total revenues (2012: \$1.1bn and 31% respectively), up 15.8% in constant currency and up 7.5% like-for-like.
- The number of people working in the Group in this practice is over 32,000 or almost 28% of headcount.
- Recent acquisitions and investments include Acceleration (Marketing Technology Consultancy), AKQA (Digital Agency), Carnation (Digital Agency), Effective UI (Digital Agency), Fortune Cookie (Digital Agency), Globant (Technology Development), Grape (Digital Agency) and Salmon (e-Commerce).



First Quarter 2013

Revenue by Region



| | 2013 £m | 2012 £m | % Change | | | |
|---|--------------|--------------|------------|----------------------|-------------------|------------------------|
| | | | Reported | Constant Currency | Like-for- like | |
| North America | 886 | 864 | 2.5 | 0.9 | -1.0 | |
| UK | 318 | 284 | 11.9 | 11.9 | 3.7 | 4.9 ¹ |
| Western Continental Europe | 592 | 563 | 5.1 | 2.7 | -0.8 | |
| Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe | 736 | 681 | 8.1 | 9.7 | 7.8 | |
| Total | 2,532 | 2,392 | 5.9 | 5.1 | 2.1 | 1.9¹ |

¹ Gross margin like-for-like growth



First Quarter 2013

Growth by Region



- Asia Pacific, Latin America, Africa & the Middle East and Central and Eastern Europe the strongest region, with like-for-like revenues up 7.8%. Double digit growth in Latin America, with the BRICs up over 10% and Next 11 up over 11%.
- In Asia Pacific, Greater China continued the strong growth seen in 2012, with like-for-like growth of almost 10%.
- The United Kingdom showed continued strong like-for-like revenue growth of almost 4% against market trends, with strong growth in advertising and media investment management and direct, digital and interactive.
- Western Continental Europe, more challenging, but relatively stable, with like-for-like revenues down 0.8% despite the Eurozone crisis, with several countries well above the average. Belgium, France, Portugal and Spain remain more difficult.



First Quarter 2013

Revenue Growth by Country



Revenue Growth¹

Countries

>20%

Argentina

15% to 20%

Brazil, South Africa, Thailand

10% to 15%

Mainland China²

5% to 10%

Greater China³

Average⁴ to 5%

Australia, India, Italy, Mexico, Russia, South Korea, UK

Below Average⁴

Belgium, Canada, Denmark, France, Germany, Japan, Netherlands, Poland, Singapore, Spain, Sweden, USA

¹ Like-for-like growth

² Includes Hong Kong

³ Includes Hong Kong and Taiwan

⁴ WPP Group average like-for-like revenue growth of 2.1%

First Quarter 2013

Revenue Growth by Category



| Revenue Growth ¹ | Categories |
|-----------------------------|--|
| >15% | Oil |
| 5% to 10% | Government |
| Average ² to 5% | Automotive, Drinks |
| Below Average ² | Computers, Electronics, Entertainment, Financial Services, Food, Personal Care & Drugs, Retail, Telecommunications, Travel & Airline |

¹ Like-for-like growth

² WPP Group average like-for-like revenue growth of 2.1%



First Quarter 2013

Effects of Currency



- Currency movements accounted for a 0.8% increase in revenue, largely reflecting the weakness of the £ sterling against the euro and the US\$, partly offset by strength against most faster growing market currencies.
- Sterling weaker overall as follows:

| | Q1 2013 | Q1 2012 | Sterling (stronger)/weaker |
|--------------------|---------|---------|-------------------------------|
| US\$ | 1.55 | 1.57 | 1% |
| € | 1.17 | 1.20 | 3% |
| ¥ | 143.1 | 124.8 | (15%) |
| Brazilian Real | 3.10 | 2.78 | (12%) |
| Chinese Renminbi | 9.66 | 9.92 | 3% |
| Indian Rupee | 84.1 | 78.9 | (7%) |
| South African Rand | 13.9 | 12.2 | (14%) |

First Quarter 2013

Trade Estimates of Major New Business Wins – First Quarter



| WPP Agency | Incumbent | Account | Office | Billings(\$m) |
|------------|---------------|--------------------|-----------------|---------------|
| Mindshare | IPG/Mindshare | Lionsgate/Summit | USA | 400 |
| JWT | OMC | Vonage | USA | 160 |
| GroupM | PUB | 360buy.com | China | 160 |
| MediaCom | OMC | Fonterra | Asia Pac/M East | 150 |
| Grey | Grey | Kellogg's/Pringles | Global | 50 |
| Grey | IPG | Mengniu | China | 50 |
| MediaCom | AGS | Coca-Cola | UK | 48 |
| Maxus | AGS | Qantas | Asia Pacific | 40 |



First Quarter 2013

Trade Estimates of Major New Business Losses – First Quarter



| WPP Agency | Winning Agency | Account | Office | Billings(\$m) |
|------------|----------------|-------------|--------|---------------|
| Mindshare | PUB | AbbVie | Global | 365 |
| JWT | PUB | HSBC Wealth | Global | 32 |



First Quarter 2013

Internal Estimates of Net New Business Wins – Year to Date



| (\$m) | Creative | Media | Total |
|------------------|------------|------------|--------------|
| Advertising | 449 | 743 | 1,192 |
| Other Businesses | 312 | - | 312 |
| Total | 761 | 743 | 1,504 |



First Quarter 2013

Trade Estimates of Major New Business Wins/Losses Since 1 April



| | WPP Agency | Incumbent | Account | Office | Billings(\$m) |
|------|-------------------|------------------|----------------|---------------|----------------------|
| WINS | GroupM | PUB | Nestlé | USA | 750 |
| | Y&R | PUB/IND | JCPenney | USA | 420 |
| | JWT | PUB | STB | Singapore | n/a |



First Quarter 2013

Cash Flow and Net Debt



- Average net debt in the first three months up £331 million to £3.015 billion, compared to £2.684 billion in 2012, at 2013 exchange rates.
- Acquisitions (including earnouts) and share buy-backs totalled £114 million in first quarter of 2013.
- Net debt at 31 March up £469 million to £3.331 billion, compared to £2.862 billion last year, at 2013 exchange rates, reflecting increased spending on acquisitions (chiefly AKQA) and higher dividends, partly offset by relative improvement in working capital in the first quarter.
- Average net debt to Headline EBITDA, for 12 months to 31 March, remains in our target range of 1.5x – 2.0x.



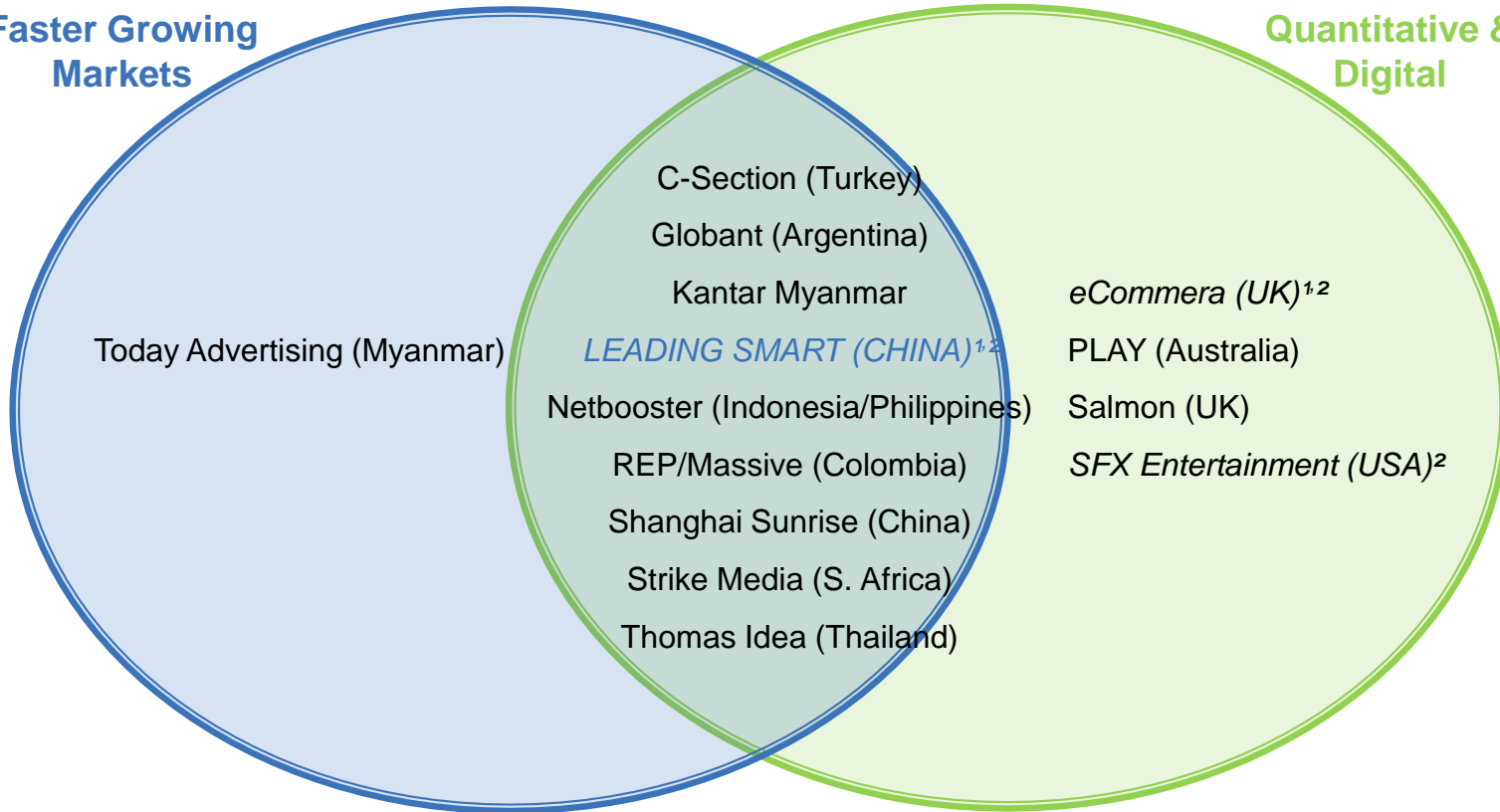
First Quarter 2013

Acquisitions and Investments – Year to Date



Faster Growing Markets

Quantitative & Digital



Advertising

john st. (Canada)

Public Relations & Public Affairs

Burson Marsteller (Vietnam)

¹ Step-ups in investments, associates and subsidiaries' equity ² Investment **CAPITALS ARE Q2 ACQUISITIONS**



First Quarter 2013

Uses of Free Cash Flow



| Category | March YTD 2013 | March YTD 2012 | FY 2012 |
|--------------------------------|-------------------|-------------------|--------------------|
| New acquisitions ¹ | £65m ² | £27m ² | £500m ² |
| Share purchases/cancellations: | £49m | £21m | £134m |
| % of issued share capital | 0.4% ³ | 0.2% | 1.3% |
| Dividend increase | n/a | n/a | 16% |

¹ Includes investments and step-ups in subsidiaries' equity.

² Net of disposal proceeds and net of acquired cash.

³ 4.6 million shares at a cost of £49m and an average price of £10.63 per share

First Quarter 2013

Summary



- The year has started satisfactorily with like-for-like revenues up 2.1% and 3.0% contribution from acquisitions, ahead of budget. Most geographies and most sectors are growing revenues.
- Better revenue performance from consumer insight with growth in USA.
- First quarter profits and margins ahead of budget and well ahead of last year in line with the full year margin target of 0.5 margin points improvement.
- Strong free cash flow from operations, average net debt/EBITDA remains in target range.



First Quarter 2013

Outlook



- Trading in the first quarter was above budget and in line with target margin improvement for 2013 as budgeted.
- Preliminary quarter one revised forecasts show like-for-like revenue growth better than budget, with targeted improvement in margin as budgeted.
- Growth in faster growing markets remains strong and improvement seen in all geographic regions.
- Forecast revenue above budget, with a stronger third and fourth quarter than budgeted.
- Revenue and headcount remain appropriately balanced.
- Our guidance for the year remains 3% organic growth and a margin target improvement of 0.5 margin points.



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Trading Statement for the First Quarter 2013

April 2013

