



Capital Markets Day

Tuesday, 30th January 2024



WPP Today and Our Strategy to Lead

Mark Read

Chief Executive Officer, WPP

Introduction

[Video plays]

Mark Read: Okay, so that film shows just some of the incredible work that we do for our clients. Work that combines strategy, creativity, media insights to drive results for our clients. It is why they come to WPP. To build brands, to drive sales, to sell product, to shape culture. It is also why our people work for WPP companies, because they want to do great work for the world's biggest companies.

So welcome to our 2024 Capital Markets Day. We are calling this next phase of our strategy innovating to lead. And what we will show you today is how we are going to achieve that ambition. First, we will show you how our investments in AI are paying off, allowing us not just to pay division of the future, but to use it in our work to deliver benefit to clients today. Arthur C. Clark said, the best technology is indistinguishable from magic. And I think that is what you will see today.

Secondly, we will show you why creativity matters. Sometimes underestimated, creativity makes our work effective and multiplies our clients' investments in marketing to drive financial growth. In a more complex, AI-driven world, we believe it is even more critical for our clients. However, to deliver it, we and our clients need to transform. And that is what we are doing.

And thirdly, we will show you how our new powerhouse agency, VML, and the world's leading media agency, GroupM, are transforming themselves to grow faster and create more scale. Along with the creation of Burson, this means that six brands now represent 90% of WPP's business. A simpler, more effective strategy.

And finally, we set out the financial commitments that result from this plan. Now, this is my third capital markets day as CEO of this company, and I can honestly say that WPP has never been better positioned, thanks to the decisions and investments that we have made. I hope you will see the confidence that I and our whole leadership team have in WPP and in our future.

Now, I know we faced slower growth in 2023 after two of the fastest growth years in our history, coming out of COVID. Our technology clients reduced their investment after very strong growth. And while I have been doing well on winning new business in general, we face a tougher set of reviews, particularly in our media business in the US. However, I hope you will see how the actions we have taken, the investments we have made, together with the commitment of a very talented set of leaders, will deliver this plan for faster growth, improved margin and stronger returns to our shareholders.

Let us get down to it.

Cautionary Statement Regarding Forward-Looking Statements

So this is a statement that you have to read quickly.

CMD Agenda

However, what we are going to cover today, we will start by taking you through our journey to date to show you what we have achieved. Then we will look at the strengths of our business, why we are positioned to grow. We will talk you through our strategy to lead with detailed presentations from leaders across WPP. They are going to dig into the detail and explain what we are doing in practise. Joanne, our CFO and my financial partner, will then take us through the financial plan. And finally, we are delighted to be joined by Manolo Arroyo, the Chief Marketing Officer at the Coca-Cola Company, who, in conversation with Laurent, will talk about our partnership, our use of AI, the transformation we are achieving together and why we are ambitious for the future. We will have some time at the end for Q&A.

Here is the detailed agenda, which for those of you in the room, is printed on your chairs. And those of you who joined us in person, we have to come upstairs for drinks at 17.30. And during that time, Stephan and his team will give you live demos of Open, our AI-powered platform, in operation.

The Journey To Today

Let us start by looking at our strategy and how we have got to where we are today. Now, back in 2018, we called our strategy Radical Evolution. That is because we wanted both to be radical in our approach, but also to move at the right pace, a pace that a people- and a client-centric business could absorb, so we could make the changes we needed to without disrupting our business. And our accelerated growth since then shows our success in balancing these objectives.

Stabilisation – 2018-2020

There have really been two phases of the strategy to date. The first, from 2018 to 2020, where we had to stabilise the business. If I can remind you, Ford, our largest client globally, was up for review. We began by launching our position as the creative transformation company to set out our ambition. We built our client relationships, turning Ford from a client up for review into the case study that Jon will share with you later, with our leadership team, and established an executive committee at WPP for the first time. However, perhaps the biggest move was the integration of analogue and digital assets, both VML and Y&R to form VMLY&R, and Wunderman and J.W. Thompson to form Wunderman Thompson. And critically, with much more than a year, we were able to successfully dispose of our 60% stake in Kantar, which gave us the financial buffer to withstand the impact of COVID that hit just two months later.

Accelerating growth – 2020-2023

The second phase of our strategy, we started in 2020, during COVID. We grew our client relationships, winning the largest ever client review in our industry, in our unique partnership with the Coca-Cola Company. We continue to strengthen our leadership and built a culture that brought us together, during COVID. We invested organically in AI and new capabilities in influencer marketing and commerce.

Innovating to lead – 2024+

We also took three separate companies, Finsbury, Glover Park and Hering Schuppener, and with management created what is now the world leader in strategic communications, FGS Global, in which KKR recently invested. All of these changed investments take me where we

are today, launching the third phase of our strategy that we are calling 'innovating to lead'. Because WPP has innovation in its lifeblood and so is our desire to lead our industry.

In 2018 Our Operating Model Was Complex

So that is the backdrop to where we are today, and let us look more closely at what we have done. So this is where we started. It is hard to see how we could fit any more logos on this chart. And to say our operating model was complex is something of an understatement.

Our Structure Is Now Radically Simpler

Today, it is a lot simpler. Our revenues today are consolidated in far fewer brands with 90% of our revenues generated by six global networks. And you will hear directly from the leaders of five of them today.

We've Built a World-Class Leadership Team

We have also been able to build a world-class leadership team. And if we look at the team, each element of our strategy is visible. Some, like me, Andrew, Andrea, Lindsay, Jane and Michael at WPP, and Mel and Richard in our agencies, have been with the company for some time. Other very talented leaders came in through acquisitions, Ajaz, Christian, Jon, Stephan. It is just one example of how acquisitions have strengthened the company. And we are able to recruit great talent. Laurent from Publicis, Rob and Devika from McCann, AnnaMaria from DuPont, Joanne from Britvic, and most recently Corey from Google. And I believe we have a strong, cohesive and motivated team to lead the company. In my view, which may admittedly be biased, the strongest in our industry.

Strengthened Our Technology & Data Capability

Now, as well as people., technology is critical to us and our technology and data capabilities have been strengthened through a mix of organic investment, acquisitions and partnerships. Organically, our focus has been building platforms powered by data and now AI. Our acquisitions have been more disciplined with a heavy emphasis on technology. More than 70% of our acquisition spend has been on technology-powered companies. And finally, while we built strong strategic partnerships that make a difference to how we deliver to clients, business advantage, data integration, technology integration that help.

Invested in AI Over 10 Years

Now, AI is going to be a major focus of today's session, as you would expect. And it is important to say that it is not new to us. We have been using it in our work going back at least ten years.

Back in 2014, we helped Tesco optimise their delivery routes with AI. Our first creative work was in 2016, when J. Walter Thompson had a groundbreaking campaign for ING that used AI to create Rembrandt paintings, a precursor to what we see in Midjourney today. In 2018, I stood here in this room and said that AI would be a critical part of our strategy.

Most importantly, perhaps, we acquired Satalia some two and a half years ago. And you will meet Daniel, its founder, in a few minutes to see his contribution, their contribution to our strategy.

Made Significant Progress In Our Transformation

Now, another area I know that is had a lot of discussion is our transformation programme. So I would like to cover with you what we have done, the impact we have had, and show you where we are.

To start with, I hope you will see we have been busy. Over the past five years, we have retired around 300 brands. That is more than one a week. We have eliminated 1,400 legal entities. That is more than one per working day. We switched off 70 ERP systems, closed 840 office locations. That is around three a week. Most importantly, while we have invested around £800 million in acquisitions, we have also raised more than £3.8 billion from more than 90 disposals.

Now, I will let you look at the progress on the right, but you can see how we made progress in each of the key elements of our strategy. And I would say that we have really broken the back of our transformation programme with a solid plan for finalising it.

And Improved Financial Performance

What has this meant financially? Well, actually, if you look at the facts and take, let us say, 2019, as I think, the fairest pivot, you can see our performance has improved. We have achieved accelerated growth to 2.6%, in spite of a fair degree of turbulence in the global economy. And if I can remind you, while navigating the structural challenges we face – disintermediation by technology companies, in-housing, competition from consultants – our industry, I think, and WPP is well used to navigating change.

We have also grown our margin after a number of years of negative growth, and with lower net debt, we are building a platform to reinvest for the future. We are pleased to say we have done this while returning £4 billion to shareholders.

Positioned For Growth

So if that is the past. Let us turn to the future and why we believe we are very well-positioned for growth.

World-Class Brands, Approaching 90% Net Sales

Now, we take great pride in the market leading position of our six major brands. The number one brand experience and commerce agency in VML, the global creative giant that is Ogilvy AKQA, an iconic brand celebrating its 30th anniversary this year, but just as fresh in its work today as it was when it was founded. The world's number one global production company in Hogarth, GroupM, number one global media agency. And finally, the newly announced Burson, a top-two global PR firm with a fantastic leadership team and path to further growth. And we believe these brands are critical. They are important to our people and to our clients.

Now, we do not need 500 as we used to have, but we believe we now have the right number. They allow us to attract the best talent, they are meaningful to clients and they allow us to manage competing clients within WPP, giving them the confidence to work with us.

Unparalleled Client Relationships

Secondly, we have a client list that is, I think, unique. We work with three of the world's four most valuable companies, two of them Apple and Google, in our top-ten clients, and one, Microsoft, just outside it. These relationships are enduring. We celebrated the 80th year of our relationship with Ford last year, and our relationship with Unilever goes back to 1902. The

world's biggest, most demanding companies trust WPP as a partner. As you can see on the right, we strengthen these relationships after a tough year time, five years ago, they are now stronger than ever.

Powerful Global Footprint

Now, one of the reasons these clients choose WPP is because of our unparalleled global footprint. More than any of our competitors, we have the ability to serve them around the world. In markets like India, where we have 11,000 people, or Brazil we have 6000, we have the depth and breadth of strategic, creative and media expertise that global leaders need.

Global Leadership In Media

And speaking of media, we are also the global leader in media. We manage more than \$60 billion in billings globally with the number one agency group in more than half the world, or nearly half the world, and second in most of the rest. You will hear from Christian later on our plans to accelerate our growth and strengthen our position in North America. Media is a critical growth driver for WPP. It is a real strength and in an area where strength and scale matters.

Now a lot of talk about data and its importance in media and we are firmly of the view that it is critical to embed data in our media offer to deliver value to clients.

Access To The World's Data For Clients

I would like to touch briefly on this topic, first by explaining Choreograph. Choreograph is a business unit within GroupM that serves GroupM and the rest of WPP. It builds data products and technology that offers consulting services to clients. It has around 1,200 people globally and we would like it to grow faster. It does own meaningful proprietary data, but Choreograph's primary role is to make sense of the data and to build the technology that powers GroupM's media operations with data and connect it to the rest of WPP. This technology and approach is ready and not threatened in a post-cookie world.

Now, turning to our ability to access the data that we and our clients need. First, I said we do own data in WPP thanks to the acquisition of KBM back in 1999 and I-Behavior in 2010. That data includes 300 million individual profiles in the United States with more than 10,000 unique attributes. However, as importantly, we had the ability to join together three other areas of data – contextual data about the market, our clients' own data that they own and want to protect, and data from platforms like Google and Amazon that we can use to drive marketing plans.

Strategically, we have chosen to compete on how we can deliver better data-driven marketing programmes for our clients, not in the area of who owns the most data. Simple answer to that question is Google or Meta or Amazon. I do not think it is ever like to be WPP or indeed any other holding company.

WPP Open: Our AI-Powered Technology Platform

Now, today we also have WPP Open. Think of this as our unified technology platform that brings together all of WPP's service offerings, technology, both proprietary and from our partners, and data in one AI-driven platform. We have been working on Open for over two years, rolling it out internally, and over the past year we have been deploying it into some of our largest global clients. It was a critical element in our successful win of the Nestle media

business in Europe over the summer. Open helps WPP agencies integrate our offering, but most critically, it also helps our clients to standardise and automate their marketing operations. In an AI-driven world, it allows to scale our AI solutions in a safe and secure way across large global marketing organisations.

Committed To Building A Strong, Purpose-Driven Culture

Now, earlier I touched on the importance of culture at WPP, and how we are committed to our purpose to build a better future for our people, planet, clients and communities. Most importantly, we want to build a diverse workforce and an inclusive culture, one that represents the societies in which we live. It is important to our clients and it is important to me. Just one example, WPP was placed 6th in the FTSE for gender diversity as part of the Hampton-Alexander review. We also need to take responsibility for our impact on the planet. And here, not only are we able to do the right thing, we are able to build our business. Launching a media carbon calculator in GroupM and sustainable production in Hogarth. We support many clients in their own sustainability initiatives, from H&M's work at AKQA, to launching Notpla, a biodegradable packaging that eliminates the need for plastic. And lastly, across WPP, many, many people give up their free time to use their unique skills to help important causes in their communities and countries.

Strategy To Lead

So if these are our competitive strengths, what is our strategy to lead our industry to take advantage of the opportunities ahead to accelerate our growth?

Innovating To Lead, Today and Tomorrow

Four strategic imperatives really frame how we deliver our strategy. The first centres on AI, the second on creativity and creative transformation. The third is our world-class brands. And the fourth imperative for us is to execute efficiently and with discipline. And I will briefly run through each of them before some of our fantastic leaders come up here, bring them to life and share what we are doing in more detail. So let us start with AI.

Innovating To Lead, Today and Tomorrow – Lead through AI, data & technology

Our belief is that AI will be as transformative to our business as the Internet was 30 years ago.

AI will drive a new age of creativity, marketing & media

Our industry, the media industry, may be the most disrupted of any industry recently. First by the Internet, then by the mobile revolution. However, importantly, through this time, WPP has remained relevant to its clients, and our goal is to remain just as relevant through the AI age.

Today, AI and the explosion of generative AI is similarly disruptive, because for the first time, computers can do things we thought only people could do – take pictures, write copy, create images, draught press releases. Gen AI will change not just the way we engage with consumers. It is all going to change the way that we work. And why are we confident in what we are building? Well, our approach is comprehensive and I think this framework will help to explain.

AI is embedded across the business

At the bottom, we have to embed AI in the way that we work. It is going to make us more efficient and take out cost. It is what every business must do, but it has to be done. It is going to help us reduce cost, which we can reinvest and use to improve our margin. Secondly, we have to embed AI in our products and services, as well as create new ones. And we will show you today some of those products, products that we deployed operationally for our clients. And lastly, we need to use AI to reinvent our whole business, which is the challenge that Stephan and Daniel have taken on.

Now, in this tackling this challenge, we think WPP has a very strong set of competitive assets. The first is the technical expertise in Satalia. Think of them as our DeepMind. They enable us to build and train sophisticated models. It is a scarce talent. Secondly, and thanks to this, we are able to combine technology expertise with marketing domain knowledge. We are able to train and build proprietary models for WPP and our clients. Thirdly, we have WPP Open, enabling us to deploy our products across different disciplines and interclients. Fourthly, we have a coordinated investment plan across a now simpler WPP. And finally, for us, partnerships are critical. While investment is important, access to partners is in some ways even more important because they allow us to leverage the billions and billions of dollars and investment that major technology companies are making in this area. And you will hear later from some of the world leaders in AI.

Now, what is most exciting to me is to be able to show you some of these products for the first time. While we have been working on them with clients, we have not really shown them in public before, nor indeed have we seen them elsewhere.

Gen AI in client work & our operations

These are some of the examples, and you will see some of the examples of our creative work before. However, what you will not have seen is the power of the AI tools and products we have built. That is what you will see later. Now these new products will undoubtedly raise questions for you on the financial impact on WPP. I am sure we will get into that in the Q&A. So let us take a look at how we are thinking about that.

Supporting our accelerated growth and efficiency

On that note, we believe that AI will support our accelerated growth and improve our efficiency. And here is some examples of how we can do this. First, it is going to allow us to sell new technology solutions through WPP Open, earning technology licence fees that are powered by our AI services. Secondly, we can offer AI services consulting, just as we did with the Sherwin Williams AI powered commerce platform or the many clients who we are currently consulting to on the power of AI and how they enable it in their own organisations. Thirdly, it is going to allow us to augment our creativity, not replace human beings, but enhance them to improve the ROI that we deliver to our clients. You will see an example of how we are already doing this for clients on the Amazon and other shopping platforms. It is also going to help open up new business models, just as with Xaxis and Finecast, allow us to move away from hours-based pricing to new output and return-based pricing models. And finally, it is going to enable us to work faster, unlocking efficiencies in our back office.

Innovating To Lead, Today And Tomorrow – Accelerate Growth Through The Power of Creative Transformation

So the second element of our strategy hinges on creative transformation. As I stated at the start, WPP's mission is to be the creative transformation company. Now, by this we mean we want to apply creativity to each area of what we do, not just in advertising, but in our media plans, our social campaigns, our design work and public relations advice. We are also in the business of transformation, helping the world's largest companies, both global and domestic, to transform how they market in a very different world.

Creative transformation helps clients manage complexity

And in a world that is changing as fast as ours, the need to transform and integrate our services is even greater. It is not just about AI. It is also about helping clients use influence and figure out TikTok. It is dealing with the proliferation of channels and new advertising opportunities on Amazon and Netflix. We have to help clients navigate the polarisation we see in society. To do this successfully, WPP needs to bring together many different skills and integrate them for our clients. We also have to use judgement and experience, old-fashioned but important skills.

Driving growth in our top-ten clients

And if you look at our top-ten clients, that is what we are doing today. It is leading to our top-ten clients growing at 6.6% versus 2.6% for the rest of WPP's business. These global companies come to us for the breadth and depth of our offer. We do not do everything for them, so there are still good growth opportunities ahead. And we are very grateful to have Manolo coming here later to talk to us about the partnership with the Coca-Cola Company and the transformation we have been undertaking together. Now, Rob Reilly, my creative partner and our Chief Creative Officer, will introduce three of our four leaders later. And together they will show you not just the importance of creativity and how it leads to outsized financial returns, I hope they will have you come to three conclusions.

Accelerating growth through creative transformation

The first is that our creative agencies do a lot more than just the ads. Though in full disclosure, we are still excellent at doing the ads. For the Super bowl, we are working on twelve creative spots and GroupM is buying 19 ads in the game. Secondly, we want to take away that our production capability is both very strong and also a significant growth opportunity for WPP. Clients spend roughly as much on production as they do on creative fees. And today we capture only a small part, maybe 20% or 25% of this amount. Another growth opportunity for us. And lastly, there has an untapped opportunity to apply technology to the creative process for the first time, just as we have done in media and production, it allows for more discipline, automation and value creation for clients.

Innovating To Lead, Today And Tomorrow – Build World-Class, Market-Leading Brands

Now, the third element of our strategy has been to build more powerful brands. There has really three key developments in how we operate in this area that we have made in the last six months.

These world-class brands strengthen our offer

The first is the creation of VML and you will hear from Jon and Mel later, it has a compelling and broad offer, an exciting growth plan and a depth of resources to serve global clients. The second is the continued process of simplification at GroupM with the launch of Synergy 3.0, the five-year plan that Christian announced when he became CEO. And he is going to talk to you about how this plan will strengthen our offer and improve our hit rate in the USA. And finally, last week we announced the launch of Burson, bringing back one of the most iconic brands in the public relations industry. It is a move that is been very well received by people and clients, and we will run an investor update later where Corey and AnnaMaria will share progress and what that really means.

Market-leading brands driving improved performance

Now, these three companies will improve our overall performance and I think you will see from the presentations how they are going to deliver faster growth, be simpler with more scale and agility, and also increase our profitability.

Innovating To Lead, Today And Tomorrow – Execute Efficiently To Drive Financial Returns Through Margin And Cash

Now last and by no means least, let me touch briefly on our financial commitments.

Medium-term financial framework

So this is our medium-term financial framework and the financial commitments that Joanne will take you through later. As I said, I know we have had our challenges on the top-line in 2023, but what we can control directly, our margin commitments and our working capital we have over delivered on our guidance. We want to accelerate our growth to 3% plus organically. We think of this as our commitment to you and our ambition is absolutely to exceed it. At the same time, we are committing to deliver to a headline operating margin in the range of 16-17%, supported by structural cost savings. And finally, we are aiming to improve our cash generation significantly. We have total alignment on the need to reduce cash restructuring costs. And finally, we maintain a strong investment-grade balance sheet.

Innovating To Lead, Today And Tomorrow – Lead Through AI, Data & Technology

So that is the strategy. Now let us turn to the first element of the plan, to lead our industry through the application of AI data and technology. In some ways, this is the part I have been looking forward to most, the chance to show you today how we are using AI to transform marketing. We have not shared much of what you will see today in public. So I hope you will be as impressed as I was when I first saw it.

Over to you, Stephan.

Lead Through AI, Data & Technology

Stephan Pretorius, *CTO, WPP*

Daniel Hulme, *CEO, Satalia & Chief AI Officer, WPP*

5 Pillars Of AI Leadership

Great. So today, WPP is the clear leader in the application of AI to the marketing and advertising industry. That is quite a bold statement. However, to back up that bold statement, I am going to tell you through examples of work we are doing with actual clients today, tools

that we have built, and the innovation we are doing with some of the world's largest technology companies, why that is true.

Applying AI to marketing is not a trivial task. Making good, plausible content with AI is not that difficult, and many of you have done that in ChatGPT and other tools over the last year. However, making plausible good content is not what marketing is about. Marketing is about making correct content. Content that is true to the brand of our clients, content that is correct for the channels where we want to distribute them, content that distributes or represents the products that we are selling accurately, in high fidelity, and ultimately content that resonates with consumers and turns consumers into customers. This is an altogether harder task and something that we have been investing a lot of time and energy in over the last year.

So the five pillars of our strategy are really the following.

Firstly, WPP open. So WPP open is our end-to-end, AI-driven marketing operating system that brings together all WPP's proprietary tools, technologies, data and services in one operating system. This is key to scaling AI, and I will show you more detail about that in a minute.

Secondly, as we started building solutions and doing our own projects with AI back in 2018 2019, we realised that leadership in AI required highly specialised, very arcane skills. Leadership in AI, particularly today, does not come from tens of thousands of people in offshore engineering centres. AI leadership is being driven by a handful of incredibly specialised individuals, largely coming out of academia and out of research labs. We have been doing work with Satalia as a partner on a couple of clients for a number of years, and so we were delighted when Daniel and his team agreed to join WPP in 2021. And again, Daniel will show you in a minute how we are applying that R&D to the marketing process.

The third pillar of success in AI is to organise your data and to have a variety and breadth of data that you can push through the AI models and into your applications for clients. In 2021, we formed Choreograph, now led by Evan Hanlon. And again in the second part of today, you will hear from Evan why we have not only the right strategy to lead in an AI-driven world in terms of data, but also why we believe that our products and our strategy is correct for a post-cookie world, and a world where consumer data is increasingly limited in terms of its use within marketing, one has to look beyond consumer records to a wider variety of data in order to drive relevance.

The fourth element is our investment in training and workforce transformation. Back in 2018, already we kicked off a number of programmes to ensure that our workforce has the right skill sets and are upskilled in new techniques, new technologies at a scaled level. We sent a large cohort of executives to the Oxford Said Business School for a postgrad diploma in AI. Turned out to be a lot more work than they expected. We created a future readiness academy, large-scale training programme for all our people to train them on AI. More than 50,000 people have gone through that to date, and increasingly we are bringing in new, fresh talent through our creative technology apprenticeship programme, bringing in young, diverse talent from across the world into this incredible merger of technology and creativity into a new skill set. And in many ways, that experience is teaching us the new pathways for training young people in the future of our technology industry.

Lastly, partnerships. And it is clear, all of you follow these companies, the amount of money that these large technology companies today are investing in infrastructure, product

development and research to drive the AI revolution forward is absolutely immense. And at WPP, again, five years ago, we formed a very strong central partner organisation that partners with all these large companies, as well as many smaller ones like Salesforce, Sitecore, Shopify, Sprinkler and the like, to not only build new products with them, to train our people on how to use their technology, but also to go to market jointly with them to deliver for our largest clients.

So let us hear from our partners what it is like to partner with WPP and what it means to their organisations.

[Video plays]

Stephan Pretorius: That is great. And you can imagine as a technologist how exciting that must be for me to work with companies like this and leaders like Satya, Jensen and TK on developing new solutions for our clients. The automotive example that Jensen referred to is a combination of their Nvidia omniverse platform. It is a 3D rendering solution with generative AI that is completely revolutionising the automotive content supply chain. And the example that Satya showed at Ignite last year, that was in the video, that was a solution we built in our Satalia team within about two weeks of getting access to their GPTV, their GPT with vision model, and Satya was so impressed with the result that he put it on his keynote presentation. So you can see how important the symbiosis between our application of this technology and marketing and industry and content is with the research work that our partners are doing.

Switching gears quickly, one of the most important challenges that all of our clients are now facing in terms of adopting AI in their organisations is how do you empower a workforce? How do you power an organisation to adopt AI in a structured, methodical way, connecting the right data to the right systems, the right processes, in order to change how you work?

Scaling AI Through WPP Open

WPP's answer to that problem is WPP Open, our AI-driven end-to-end marketing operating system. And so allow me just to step you through the layers of that platform quickly so you understand how fundamental this is, not just from a technology perspective, but also from an operating model perspective. In the marketing and advertising industry.

At the heart of the platform are a whole series of platform features, functionality for identity and role management, security, so people know what they are allowed to do, and we can control who's got access to what. A workflow and orchestration tool that allows us to not only combine how we work for clients, but also how they work. A design system to create new applications, a marketplace of both proprietary and third-party applications, and an API framework to allow us to build new tools and connect to outside services. So everything you would imagine in a kind of a standard modern platform-as-a- service.

The second critical layer is the data layer. And here we have to emphasise, and you will see this again when Evan presents in a minute, is the variety of data from proprietary WPP data assets, data that we licence from third parties on everything from weather to events to locations, to clients' data. At WPP, we believe that our clients own their consumer data, our clients own their content, and our clients own their campaign data. However, we have to be able to connect to this in sophisticated ways, to connect with our data, to deliver new solutions. And again, Evan will touch on that. And then ultimately public data, because there has a lot of that and often it is very useful.

The data is then connected into our AI layer. Daniel will explain in more detail exactly what these brains are, but effectively it is the marketing algorithm. We sat down together and understood that marketing is effectively a four-part algorithm. You are connecting consumers to brands through content and channels. And so by encoding those four concepts into custom AI agents, or brains as we call them, we are now able to bring the power of AI to the entire marketing supply chain in a very structured way.

The next layer is our client workspace layer. And I think from a philosophy perspective, from a position relative to our clients perspective, this is arguably the most important layer of the entire platform. The client workspaces are branded with the clients' brands and their colours and their attributes. However, critically, the client workspaces encompasses each of these clients' marketing methodologies and processes, so that the way that we work with them is the way that they work internally. In other words, open does not only organise WPP internally with each other, we also use it to help our clients to organise and standardise the way they work within their marketing teams, across multiple markets and brand organisations. This is a key challenge for many of our largest clients.

And then ultimately, we connect all this infrastructure to a rationalised set of applications that we now call studios to cover everything from creativity, ideation to production of content, to media management, commerce optimization, experience management and PR, as well as our third-party applications. This is a significant body of work and through the day you will see many examples of that. However, please be reminded, if you stay for drinks, there will be live demo sessions in the drinks area so you can see these tools live.

So if you apply this framework to a single client, I am going to illustrate it through one of our early adopters of Open, Nestle, just to show you how the data flows through the entire ecosystem. So that on one platform-as-a-service infrastructure, we are now able to configure for a single client like Nestle all the data assets we need through the brains architecture into their workspace, and then the tools that we use to do their work, creating an end-to-end operating system driven by AI.

Democratising AI Through Open Creative Studio

All right, so enough theory. Let me show you some demos.

So the first thing I want to show you is a product we call our creative studio, Open Creative Studio. This is a product that we started developing early last year, really in response to the enormous explosion of generative AI as a category in the marketplace. We have been working with AI for many years, but what happened in November of 2022 is that suddenly generative AI became a popular culture moment, right? It became a dinner table topic. Your kids started talking to you about it, your grandparents started talking to you about it. It is kind of amazing.

And so, we decided that we wanted to democratise access to generative AI in WPP. Our people were using it organically, and we wanted to give more structure and control over how they use it and adopt it within the business.

So we created the creative studio, which is effectively an interface of workflows and tools and prompt engineering that sits on top of all the best foundation models in the marketplace. And the beauty of this platform now is that we can put in new foundation models as they come to market. We are about to add Gemini, and as this industry continues to evolve, you are able to increase the capability, or the underlying engine, as it were, while keeping the interface and

the front end similar, or at least as you evolve it independently. This has been an absolute runaway success in WPP, with hardly any internal promotion organically. Since we went into general availability in September, we now have 28,000 users on this platform. We have generated more than one and a half million LLM prompts and more than 1.6 million image prompts. This has been, and we have not had to moan at people to do it, we have not had to go on road shows, completely organically driven throughout the organisation. And I think it speaks to the curiosity and the innate sort of sense of curiosity and creativity that our people have to explore new tools and to see generative AI really as complementary to people, not as a replacement for their jobs.

So let me give you just a little bit of a sneak peek on what it looks like. Again, come and see the live demos later. There has a lot here, so I can only show a few of the features, but let me show you a number of them.

Open Creative Studio Demo

So as we go from the WPP Open homepage, we are going to enter the creative studio. And as we go into our landing page here, we can now create a project based on my permissions. And as you can see here, we now have access to a number of foundation models, but also more structured tools. So in the chat feature, you can see the models we have available on the drop-down there, but let us go and create some image content.

So we are going to use DALL-E 3, the OpenAI model. It is the latest model from them, and put in a very simple prompt, "perfume bottle pack shot", which is not a good prompt. So let us enhance it. And here we are using prompt engineering to create a far more elaborate prompt that teaches people not only how to prompt, but also gets better results by itself. You can then add artistic styles, design styles. We are going to choose 3D rendering here and you press Imagine and you get your results and you can upscale the one that you like.

So fine, that is great. Let us create some more content, let us create some headlines. So we go into the headline generator and we are going to select a number of elements. So Coca-Cola is the brand. We are going to say the tone of voice is, let us say, inspirational. We are going to target music lovers because of the Coke studio product. And we are going to say the objective is conversion. Again, you can see the prompt engineering built into the tool to generate the content. You get your five headlines. They'll look plausible, they will look fine, usable, they are linguistically correct, but how do you know if they are good?

Now, the easiest way to train LLMs to make good content is to feed it with other good content. So what we are going to do here is we are going to upload a very elaborate Coca-Cola shopper and experience retail design document. It is 26 MBs, 81 pages. You upload the document and this was not edited or fast-tracked, by the way. The system uploads the PDF, reads it, and is now able to answer very specific questions based on that document. And so here we are going to say, "Create five more headlines". Give it a second to read the document. We are going to say, "Create five more headlines. However, tell me why it is good and tell me why it complies with the shop and retail design principles."

And so you can see here now, it takes slightly longer because there has a lot more data to manage. The context window is much bigger, but you can see that not only are the headlines much better, but in each case it tells you why it is good. Teaching people best practise

through the interface. Right? So this is really becoming super powerful, as you can see. And just the ability to consume that amount of data is quite impressive.

Last thing I want to show you is sort of a chained generative AI process. This is something to create mood boards. This is just for ideation, not for actual production work. We are going to create a mood board for a Ford F150 Christmas campaign for Instagram in the US. And the axes of the mood board are either audiences or occasions, weather, time of day. We are going to choose audiences and occasions. And when you then press on Imagine, the system itself is generating not only the audiences and occasion definitions, but also headlines, calls to action, and the actual images for the mood board.

Now, this is not production-grade work that we would put in market. This is for ideation. This is to get into a room with a bunch of creative people and say, 'I have an idea. Let me show you what it looks like. Let us explore something. Let us go from inspiration to representation much faster.' And so you can immediately see how these things are why they are exciting to create a people, and why they have been adopted so vigorously.

So, as I said in the beginning, this is all fine and, well, very impressive. However, the real battleground for AI and marketing and advertising is to make brand-specific, accurate content, to have a machine trained on a brand's tone of voice, brand elements, and to be able to speak and create like the brand would. And so to tell you how we are doing that, I am going to hand over to my friend and colleague, Dr. Daniel Hume from Satalia, who's going to show you how the research Satalia has been doing feeds into that problem statement.

Satalia Is WPP's DeepMind

Daniel Hulme: I am very excited today to talk to you about a subject that I have been passionate about for the majority of my life, AI, and how these emerging technologies are reinventing and disrupting the marketing, media and communication industry. I have been involved in AI for over 25 years. My undergraduate PhD postdocs are all in AI from UCL. I ran a master's programme for four years, where I had hundreds of students going out there applying these technologies to solving problems across a whole range of different industries. And I am currently entrepreneur in residence for UCL, helping them commercialise deep technology. UCL is one of the world's leading AI institutes, spinning out companies like DeepMind and Satalia.

I started Satalia in 2008, and over the past 15 years, I have been building AI solutions for some of the biggest companies in the world. In 2014, we helped build Tesco's last mile delivery solution, and continued to work with Tesco, solving problems across their supply chain. In 2017, we worked with PwC to build a workforce solution that allocates thousands of staff at scale, never been solved before. And in 2021, we joined WPP, where I continue to lead Satalia. However, I am also very honoured to take on the Chief AI Officer role.

So we joined WPP for three reasons. The first is to amplify and accelerate bringing AI to the thousands of brands that we represent around the world. Actually, for many years before the acquisition, we would be working with Stephan and Neil Stewart to bring AI to organisations like DFS. I like to think we would be doing AI before it was cool, and we can now do that at the scale of WPP.

The second reason is to really enhance the creative capacity of over 100,000 people across the organisation. I am really passionate about this subject, and of course, we are using the

productivity tools to increase productivity, like Copilot and Duet and Firefly, which have had a really positive impact on the business. However, we have also been looking at how can we utilise AI to completely optimise end-to-end marketing, which is really what I want to focus on today.

And the third reason was to really work with an incredible leadership team and have the once-in-a-lifetime opportunity to completely reinvent an industry. We were very early on lucky that Mark gave us the task to figure out how can AI be used to change and transform our operating business and commercial model.

So new advances in algorithms over the past decade plus data plus compute, allow us to do some incredible things. And Satalia's expertise is really understanding how to apply the right technologies to solving the right problems. And we have been building methodologies and tooling and frameworks that enable us to do this at scale. And if you look across our value chain, like Stephan said, we take brands to customers through channels with the right content. What emerged whilst working with Stephan's team and the domain experts across WPP was a very elegant way of applying AI to marketing. And we believe there are four underpinning AI services that when combined together, can solve the majority of problems across that supply chain. We call these 'brains'.

We've Productised Our AI R&D Through 4 Key Brains

Brand brain

So the first brain is called the brand 'brain'. Now, large language models are really good at knowing things about the world. They are very good at telling you what they know about the world through imagery and text, and soon video, and soon sound. However, large language models give everybody the ability to create generic content. However, the battleground for organisations is not creating generic content. The battleground is creating brand-specific, production-grade differentiated content. This is very difficult and this last mile is actually very hard.

So we take lots of different data sources, from brand guidelines, to tone of voice, to brand assets, and we couple that with the deep expertise we have in branding to now create almost production-grade, brand-specific content. Now, I just want to geek out for one moment. There are broadly two ways of making 'brains' smart. A large language model is a bit like a graduate brain, and one way to make that graduate brain smart is called, unfortunately, ragging. So what you can do is you can give that graduate brain a book or some materials, you can ask it questions and it answers the questions elegantly from the book. And this is easy, it can be done in seconds or minutes, and it allows you to create very nice proof of concepts and demos.

However, to create a 'brain' that truly is a professor of your brand, you need to have deep expertise in training and tuning neural networks. And so we use bleeding-edge techniques from academia, we develop our own techniques, as well as accessing early technologies from our partners to build 'brains' that produce brand-specific content.

Audience brain

So brand 'brains' are incredible at creating almost production-grade content. And as I said, that last mile is extremely difficult, which is where our partnership with Nvidia and the work that Hogarth do is so important.

However, large language models are not just good at creating content, they are really good at recreating how people perceive content. I want to say that again, it is such an important concept. For the first time ever, we can build 'brains' that are able to recreate or simulate how people perceive content. And we can use those signals that we have never been able to access before, to be able to create better content and also much more accurately predict activation. I guess historically, if I showed you an ad or a policy or promotional material, I never really knew what goes on in your mind unless you ask people. And people are not necessarily very good at reporting on what goes on in their minds and bodies. However, for the first time ever, we can recreate those signals. And I just want to be clear about one thing, ID data, so, emails, names, addresses are not helpful in understanding audience behaviour. How you perceive a piece of content will depend on the time of the day, how well your sports team performed at the weekend, whether there has an election happening. And it is that breadth and variance of data that we have across WPP, again, coupled with our deep domain expertise of understanding human behaviour, that allows us to create audience 'brains' that are truly representative.

Data for one client's audience brain

So actually, this is the data that we use to create one of the audience 'brains' for one of the biggest brands in the world. And now their marketing team can not only validate the audiences that they know exist, they were able to surface new audiences that did not exist and engage with those audiences to try to understand how to best activate them. What blew my brain about the Milka project is that we actually built an audience for Milka. We asked that 'brain', what ad would you want to see to get you to buy Milka? The audience 'brain' created the prompt that we gave to the brand 'brain'. So I hope that you see that in isolation, these brains are not just incredibly powerful, but when combined, they are truly transformational.

Performance brain

Machine learning is what people called AI before generative AI. And this family of algorithms is really good at making predictions about the world. Our performance 'brain' uses the signals from the audience 'brains', coupled again with the performance data that we have to much more accurately predict activations or clicks like sales. However, the power of machine learning is not in making predictions. The power in machine learning is explaining those predictions. So again, if I showed you an ad that had a black cat, I can predict the clicks and likes and sales, but what machine learning can do is tell me if you change that from a black cat to a ginger cat, you are going to get more activation, because that audience likes Garfield. Now that is a terrible example, but it gives you an insight that just making predictions actually is not so powerful. However, explaining those predictions allows to make much, much better decisions. And one of the things that we are doing with Google, our performance 'brain' looks at the various different assets associated with a video. So like the 'Like' button and 'Subscribe' and the subtitles, and it explains what you need to do to change those assets to increase brand lift.

Channel brain

So finally, now that we can more accurately predict activation, what we need to do is push that content across channels to maximise the return on investment. And this is a large-scale decision-making problem. And Satalia for many years have been building these large-scale systems for organisations. Decision-making is a completely different field in computer science.

If you are old enough, it used to be called operational research. It is discrete mathematics, it is constraint programming, it is non-linear optimization. So let me just geek out for one last time. Imagine if you have five pieces of content that you need to push across five channels. There are five times four, times three times two times one possible ways to allocate five pieces of content across five channels, there has 120 possible solutions. If I have 15 pieces of content across 15 channels, there are a trillion possible solutions. If I have 60 pieces of content across 60 channels, there are more possible solutions than there are atoms in the universe. We have to push thousands of pieces of content across thousands of channels every second of every day. And so, utilising the bleeding-edge technologies from academia to be able to make these decisions is really what differentiates our business, particularly when it comes to media planning and buying.

Ethics & safety

These 'brains', when combined, really do solve what we believe to be end-to-end marketing. They get more content to more customers, much more rapidly. However, of course, all of this is underpinned by the rigorous ethical and responsible frameworks that we have been using across WPP for many years, as well as the AI technologies that allow us to create safe and ethical content.

The reason why I love this architecture is because it gives our clients a scientific and objective way of measuring our solutions, our output, against generic models and those of our competitors. This is not theory, it is in production across the WPP, and already in the hands of our clients.

Hand it back to Stephan now to tell you even more.

Scaling PDPs With Open Commerce Studio

Stephan Pretorius: Brilliant. So, to show you one more practical example of what Daniel was talking about, I am going to show you an example from the e-commerce optimization space, a product that we built called Open Commerce Studio.

So if you understand commerce and e retail, you will know that product detail pages, we call them PDPs for short, because everything needs an acronym. Product detail pages are the lifeblood of e-retailing. It is the page where you go, where you find the product on the platform. You are reading about the product, you are looking at the imaging, you are looking at the sales points, and you decide whether to buy the product or not.

Now, it is again like Daniel was saying, a mathematical problem. When you have thousands of SKUs across tens of maybe hundred markets, across all the e-retailers, in every single one of those markets, you have a massive factorial problem. Not only because you have to create many, many hundreds of thousands of PDPs, but how do you know how to customise them and edit them for that particular market, for that particular marketplace and for that product? And then how do you keep up-to-date with changing consumer perceptions? The style might change, the objectives might change, there might be a competitor with a new product and market. How do you update all that content to generate an optimal outcome?

So we solve this through Open Commerce Studio, combining three different 'brains' in one solution.

Firstly, a brand 'brain' to ingest the product's detail, product description, images, the proof points, as well as their tone of voice. How do they speak about the product? What has the tone of voice when they market to consumers?

The second one is that we look at the reviews largely posted on e-retailer websites to understand the shopper barriers. Shopper barriers are those objections that consumers have to buying a product. Oh, I do not like that much. Oh, I do not like the shape. This is going to clump. This is going to make my eyelashes look thin. Whatever the objective is. However, shopper barriers and understanding shopper barriers at scale and continuously is an enormously important part of the solution. That is the audience 'brain' part of it.

And then lastly, the channel 'brain'. Because each of the e-retailers that we work with have slightly different layouts, slightly different ways that they present content and the way that you customise it for each e-retailer makes a difference. Some you have to be more textual, some the headlines matter more, some the images matter more.

So combining all three of these solutions into a single product, we can now guarantee our clients a 25% conversion increase within three months of using the solution as a contractual guarantee. And in reality we are getting between 40 and 50% conversion increase using this solution. So we have been piloting this over the last year with L'Oreal, and the demo I am about to show you is the L'Oreal Commerce Studio solution.

Open Commerce Studio Demo

So it is going to be a very short demo, not as long as the previous one. We have already created the tone of voice of the brand. I am just going to show you how to create a new project and how the content is generated.

We will create a new project and this is going to be for Volume Million Lashes mascara from L'Oreal. We upload the product detail from their PIM system. So this updates the product information into the system, and now we are ready to create content.

So firstly, we choose the market, we are going to choose the UK and Germany. And critically, again, the content we produce is not going to be translated, it is going to be customised and built for that particular market. We are using the L'Oreal Mascara Million Lashes tone of voice and we extract the shopper barriers from the mascara category, so we understand what elements are going to drive conversion.

We then select the e-retailers where we want to deliver. Boots look fantastic and Douglas and we generate the content. And so now immediately you can see the content being generated here along the left, you have got all the content fragments. Here is the example for Boots. However, we always keep a human in the loop. So if you do not like the content, you are a retail expert, you think that should be a shorter fragment. You can either edit it yourself or indeed you can use generative AI. We are just going to say take that selection and shorten it, apply the changes and the content has been updated.

So you can see how generative AI is not only being used to optimise the end-to-end system, but also the operations in between. It is making people's work more effective. So that is the example for Boots we are now going to use. And if you now look at the solution for Douglas, you can see that the text is entirely different. This is not a translation, this is customised to the German market, to the German shopper barriers for this product. So hopefully this gives

you sort of a sense of the power of this technology to really supercharge what we already know about marketing, what we have known for years, what we have been doing manually and analytics and research work for years, but can now really scale using technology.

Delivering AI For Our Clients Today

And we have been doing this for some of the world's largest and most sophisticated marketers for a number of years now. For the Coca-Cola Company, the operating model that you will hear Laurent and Manolo speak about later in of itself is revolutionary. However, we cannot run the global operating model for the Coca-Cola Company without Open as its operational foundation. We are also for the Coca-Cola Company, delivering AI content engines that will scale 'Coke and Meals' content production-grade 'Coke and Meals' content to all their bottlers around the world. And we are busy rolling that solution out as we speak.

For Google, we are completely revolutionising the end-to-end media planning and buying process, helping them to predict what content will perform in which channels before the first impression is even served. For Mondelez, you saw the wonderful work around the Milka brand 'brain', which is really at heart a solution to scale their proprietary empathy at scale personalization technology. This is at the heart of their marketing strategy and this solution will enable them to scale that.

For Ford, we have applied the Nvidia Omniverse 3D rendering plus generative AI solution and you will see some examples of that later in Jon and Mel and Richard's presentations about how we are using genitive AI and 3D modelling to create high fidelity car configurators and marketing content for products before they are even produced. None of these cars roll off the production alliance before we have our content in market.

Nestle, you saw the example of deploying Open, which is really at its heart for them, an enormous exercise in standardising and optimising their marketing methodology across all their markets and their brands. Nestler has more than 2,000 brands and operates in more than 130 markets.

And for L'Oreal, like with Coca-Cola, we are innovating the cutting-edge of genitive AI content generation through a generative AI lab that we set up with them in Paris, and are now scaling that across a larger set of solutions and Open.

So you can see all of these examples are real, scaled projects that all of our clients are investing a lot of money and time with us in to drive forward, to adopt in their businesses and to really change the way that they market in a very fundamental way.

So in summary, these are the five elements that I have taken you through our platform, our investment in AI, our investment in data, training and partnerships. However, there has a 6th element that is absolutely critical.

Leading Through AI, Data And Technology

We announced this morning that we will continue to invest around £250 million per year in our proprietary technology, data and AI capabilities. And we believe this is the right investment level to ensure that we stay not only at the cutting-edge, but in the lead of applying AI to the marketing industry.

Thank you very much.

[Video plays]

Accelerate Growth Through The Power of Creative Transformation

Rob Reilly, *CCO, WPP*
Devika Bulchandani, *CEO, Ogilvy*
Ajaz Ahmed, *CEO, AKQA*
Richard Glasson, *CEO, Hogarth*

The Best Job In The World

Rob Reilly: Ready to talk creativity? I am Rob Riley. I am the Chief Creative Officer of WPP and this phrase, The best job in the world, not while Mark is the CEO of the largest media and marketing company, It is an impossible job, by the way, a job I definitely do not want. I have the luxury of being the Chief Creative Officer, which means I get to obsess over the creative work of every one of our companies and what an incredible job that is to do.

Mission

Now, I left McCann three years ago for one very compelling reason, that reason being Mark's creative transformation mission.

Now, we use the power of creativity to build better futures for our people, the planet, clients and communities. However, why does creativity matter? So let us talk about creativity a bit, right? To me, creativity is not a Hollywood word or a music word, or an art world word. It is frankly, how the world solves really difficult problems and challenges. Right? To me, it is the world's most valuable asset. However, more importantly, creativity is good for business, right? So there has a small startup company called McKinsey and they did a study a couple of years ago, which is companies with the highest quality creativity outperform their peers in organic revenue growth and shareholder returns. I know my audience, I know what I am doing, so I brought that for you. However, pretty amazing that this is the study, and they are actually doing the study again this year, which is great.

Creativity Connect Everything We Do

So there has no surprise why we believe creativity should connect everything we do. And it goes way beyond traditional advertising. Now, we do a tonne. As Mark said, we are doing 12 Super bowl commercials and GroupM is putting out 19 Super bowl commercials. That is a lot of commercials, and there are some crazy ones, I promise you. I have been in an edit room myself and I want to kill myself because it is so difficult to make them. But I think we have got some great things, so look out for those if you are over there. However, certainly we do things way beyond the traditional advertising.

Corona Extra

I am going to give you one example, Corona Extra. Now, what I am about to show you is not advertising. This is a business-changing idea from AB InBev, that our agency, David part of Ogilvy, was a big partner in bringing this to life. And it pretty much turned around their business in China in a very unexpected way.

[Video plays]

Rob Reilly: So in a normal situation, you would applaud for that because it is an incredible idea done for China. However, it is okay, it is all right. However, it is a great idea and a genius move from AB InBev.

Coca-Cola

However, let us talk about Coca-Cola. Right. Now, what they are doing in our relationship with Coca-Cola, that is an all win network partner. All win. Which means we are putting creativity at the centre of everything we do. Advertising, experience, design, data, media, production, social and PR, AI and technology. Let us just be clear, Coca-Cola is deep into AI themselves. We are a great collaborator with them. So it is not us bringing them everything. They are actually giving us a lot of ideas and giving us a lot of inspiration to make great work. And the work we are doing, it is improving all over the world. And it is everything from long form format films with Paramount and Amazon and commerce and retail media. We are doing everything for them. However, the most important thing and the only metric that matters to me is bold ideas that lead to wildly successful business results.

So while there are many factors why Coca-Cola ended up here as the most valuable food and beverage brand last year, we think marketing and advertising and our relationship with Coca-Cola has a little bit to do with that too. And by the way, last year it was the only top-ten brand to see an increase in value in 2023. So a brand that has fully jumped in to creativity in every one of its forms ends up here.

Wendy's

Wendy's, another example. And you have heard about Wendy's in the past, but what is amazing about Wendy's is it is a ten-year journey with VML and Wendy's, and frankly, it was an old, tired fast food brand that VML helped with them in collaboration, turn into the hottest social brand in America. My favourite part is Wendy is now a giant part of the gaming community, the place where fast food consumers live.

But let us talk the language you all love – results. Dethrone Burger King to become the number two burger restaurant chain in America. 12th consecutive year positive sales growth and nearly 25% average unit volume growth since 2019. So again, I do not show anything that does not have amazing results.

One Show Penta Pencil

Now, this is called the One Show Penta Pencil. Does anybody know what the One Show Penta Pencil is? Yes. Well, you work for us, of course. This is an important award. The One Show is one of the premier creative award shows in the world. This award, the Penta Pencil, represents the relationship between an agency and a client over five years of creative excellence that has led to exponential growth. So Wendy's won this last year with VML. So pretty amazing.

There's Been A Lot of Talk About AI

Now, there has been a lot of talk about AI, a lot of talk from us, from other people, but the reality is AI is incredible. Of course we are using AI. We have been using it for I do not know how many years, seven years, eight years, ten years. However, we are deep into it and it is got to do a lot of amazing things, and there has a lot of the advertising we are doing that is going to be enhanced by AI, made more efficient.

The Artificial Creativity Landscape

But here is the reality. This is the world. These are all the apps you can use to create work anybody can do. We talked about, your grandmother knows about AI now. You can make a lot of stuff. So the reality is there has going to be a lot of mediocrity flooded into the market. So AI-generated content does not guarantee audience engagement. So while others are in the business of just AI, creativity, and maybe they will get rid of creative agencies, right. We are in the business of human creativity enhanced by AI. And again, we have been doing it four years for our largest global clients. Now, as you can see, I do not know, everybody knows this idea. Serena versus Serena, never stop evolving. For the brilliant minds of AKQA and Nike, that collaboration led to this. This was how we put Serena through the magic of AI, put Serena at 1999 against modern-day Serena to commemorate Nike's 50th anniversary. Amazing idea. Yes, one of a lot of awards, but it drove engagement for them like they have never seen before.

Access Codes

I brought a prop up here. So this is an idea called access codes. You know how hard it is to read the instructions. Anybody got eyesight issues? Anybody visually impaired here? I mean, I cannot read this and I am pretty decent in my eyes, but what Heleon has done, which is brilliant, is actually the packaging has braille on it. So if you are visually impaired, it has braille, you can read it, but how do you read the instructions? Sometimes you are putting medicine in your body that is so dangerous, you do not necessarily know, or could be if it is overused or used properly. So the instructions are important. Well, this idea, it was from Grey, part of AKQA Group. It is Haleon and Microsoft working together.

So we partnered with Microsoft and their Seeing AI app and created this thing called Access Codes, where now you can just scan the barcode and all that pertinent information comes up. So if you are visually impaired, you do not have to worry any more. That is the kind of work we are doing. This came out last year, but the most awarded idea of 2022 and the most effective idea of 2023 now. So it is the most effective idea. So, yes, awards are important, by the way. Awards are the byproduct of doing the right thing for our clients, but they are important. They prove that we are landing in culture. It proves that we are driving business and it attracts talent. People want to work at companies that are doing well. So Devika is going to talk about 'Shah Rukh Khan My Ad', the Cadbury ad, in a couple of minutes.

It Takes Special People To Make Special Things

However, the last thing I want to talk about is the fact that it takes special people to make special things. All this talk about AI and technology without special people, you cannot make these special things. And the best creative people want to work at a company committed to creativity. Mark Read has publicly said, I want to be the most creative company in the world. And as grandiose as that sounds, that ambition is exciting. We have attracted more talent because they want to work at creative companies. So it is no surprise that WARC, which is an aggregation of the number one shows in the world, whether it is Canned Lions, the One Show D&AD, the FE awards for creative effectiveness. The WARC is very important to us, but really important to our clients.

So what you will see is not only we are attracting the best creative people, we are attracting the best media people. So we were number one in media last year. Number one in

effectiveness. Yes, number one in creative. So it is important that we are doing the kind of work that is being recognised in the industry because it is attracting talent, but it is also driving growth.

CEOs Make Creativity Happen

Lastly, before I hand it over to Devika, CEOs make creativity happen. It does not matter if you hire Rob Reilly, you hire Debbie van Deevin, you hire Gabriel Schmidt or Andrew Keller or Liz Taylor. If you do not have a CEO who cares about creativity being the main ingredient for driving growth, you will not win. So I would love to hand it over to Devika, who not only is one of those people, she knows how to win a hell of a lot of business with creativity.

Devika Bulchandani: So our mission at Ogilvy is quite simple. You saw that data point that Rob showed you with McKinsey. We want to be living proof of that, living proof that the most effective creative work unlocks growth for our clients. The truth's simple today, right? There is not a single client of ours that has actually any product differentiation. We are living in a hyper-commoditized world. And in that hyper-commoditized world, creativity becomes the force multiplier. Creativity becomes the thing that differentiates them, that unlocks new markets, new target audiences, and new opportunities for growth.

It is earnings season. Right? And our mission, we do watch our awards, and I am going to talk about that in a minute, but this is what we look at. This is what we sweat. We sweat the fact that we can take Dove from being a billion dollar brand to a multibillion dollar brand. Corona, 29% increase in sales. Samsung foldables, one of the fastest introductions of a new product in the marketplace. Getting new subscribers for Verizon, helping IBM grow their business. This is the value of creativity, and this is our obsession at Ogilvy. And it is this obsession, frankly, with using creativity to unlock value for our clients that has put us on the top of our game here.

We are number one in creative excellence, according to WARC reports that Rob just talked about. And number one in effectiveness. This, by the way, would be the second place you clap, but I will keep moving.

Mondelez

All right, so I want to use one case to show you exactly how we do this, right? And let us talk a little bit about Mondelez. If you think about Mondelez pre-2019, the world of 3G capital, right? We have all sort of heard this phrase, right? Buy, squeeze, repeat. We are all familiar with that. It goes with zero-based budgeting and it goes with cost-cutting. But Dirk Van de Put came at the end of 2017, and actually had a growth agenda to grow the company and return it to being vibrant and vital for its consumers and from a business perspective. He hired Martin Renault, who made brand innovation and creative transformation the agenda of how to get to growth. And this is where we, as WPP came in around the end of 2018, early 2019.

A creative transformation journey where imagination meets intelligence

So how did we do it? What was our creative transformation journey with them? Actually quite simple. And Daniel took you through what I would say the second bit of it is the cutting-edge side of intelligence. But our mission really was to take imagination and intelligence and make them come together. And I know. I know what you are all thinking right now. You think creative people sit in a room with their hair flying. Sorry, Rob. With their hair flying, and

imagining things that nobody's ever imagined before and becoming hyper passionate about that. That, by the way, is true. But the creative process also requires intelligence today. And what is the form of intelligence that we look at? It's really important for us to be intelligent about culture.

When we are sitting in these corporate environments, we often talk about categories. This brand lives in so-and-so category. And here are the category dynamics. Consumers do not live in categories. They live out in culture. The culture of sports, the culture of entertainment, the culture of music, the culture of food. So being really intelligent about that culture, having that cultural insight, is of supreme importance. Data, personalization at scale is very, very important for Mondelez, and it is becoming increasingly important for most of our clients.

How do we target the right person at the right time with the right message and make it meaningful, becoming increasingly important? AI and tech. And we have talked a lot about it, and I am going to show you another example of how we use it. But today, human beings in the human imagination can imagine new realities that they could not earlier. But, by the way, technology alone could not do that. And media, we talked about personalization at scale. So if we do not work with Christian Juhl and all his teams to figure out where we put that message, not simply just broadcast it, but where do we put it at the right time, again becomes mission critical.

And this is the formula that we have been using for Mondelez, and it has led to a piece of work that Rob mentioned, which is 'Shah Rukh Khan My Ad'. Let us see it.

[Video plays]

Devika Bulchandani: Anybody know Shah Rukh Khan here? So I have been trying to think of, like, how would I describe who Shah Rukh Khan is? And it is almost like you take Tom Cruise, Brad Pitt, Leonardo DiCaprio, and you sort of put them all three together. Actually, that still does not give you Shah Rukh Khan. I think if you put a little bit of Daniel Craig, then we have got Rukh Khan here, the biggest star, not just in Bollywood, but I would say one of the biggest stars all over the world.

And it took imagination and intelligence for somebody to imagine we could get the biggest star in the world to help the smallest person on the streets. In a moment of COVID, where the brand grew 35%, but the business at the local guy also grew dramatically. That is the value of creativity.

Now, we do not just do this for Cadbury in India with Mondelez. We do it with Milka in EMEA, as you have seen. And the amazing sort of example that Daniel talked about, we do it with Lacta in Greece, we do it with Philadelphia cream cheese in the UK, and we do it with Tang in Brazil. And we do it with a whole lot of other brands using the same formula, using the same kind of creative thinking to make sure that we are driving their business forward.

This has led to some incredible results for Mondelez. They have gone from the number 19 most creative brand in the world to number seven. They have gone from number eight, effectiveness to number 4 and number 20 in media excellence to number two. But, what is most important, they have seen a 30% lift in their ROI when it comes to personalization at scale, and they are investing more there. they have seen a 36% ROI overall in their

marketing spend and they are looking at a 10.1% revenue CAGR as they look at their overall business.

A perfect marriage – imagination & intelligence

Now, that is the value of creativity, and that is a perfect marriage of imagination and intelligence, which has been our formula for success. A perfect marriage of a client and an agency. And it is when we can take. I am going to go back to the 3G thing. If we can take this model and do a rinse and repeat, as opposed to a zero-based budgeting and a cost-cutting model, and we can do it in China, and we can do it in the 75 markets that we exist in. We can do it for big brands and we can do it for smaller brands. That is when this happens. And no, I am not announcing that Ogilvy is entering the NHL with a team and nor is this a branded hockey stick. This is eleven quarters of growth using that formula that we have been working with Mondelez on.

I am now going to hand it to Ajaz, who I would say one of the leaders and the visionaries in taking creativity, technology and design and putting it to work in ways that we have never seen before. Come on, my friend.

AKQA

30 years of innovation

Ajaz Ahmed: Every now and then, if you are really lucky, you get the chance to create work that helps you shape the future. That is why the privilege of my life has been the opportunity to serve as AKQA's founder and CEO for the last 30 years. In that time, we have won Agency of The Year honours an unrivalled 81 times across multiple AKQA studios and disciplines, reflecting the strength of our network and AKQA's pioneering spirit of breakthrough innovation. It is not just the work, but our culture that is also recognised. Just last year, AKQA is named the 9th most loved workplace in the world by *Newsweek*.

Another example of AKQA as an employer of choice is that we also receive between 12,500 and 20,000 job applications a quarter from people who would like a career at AKQA. AI can do a lot of amazing things, but it cannot quite yet create a culture. The reason for this recognition is we have the best team we have ever had at AKQA and the most diverse. We have 5,500 people and a five-person global leadership team. Three are women, two are men and two are people of colour, making AKQA one of the most diverse leadership teams across our industry.

Marketing evolution

In the last 30 years we have all witnessed the massive and incredible transitions in the business and marketing landscape, which has expanded the canvas for agencies and the significant opportunities for clients. Some big evolutions include the transition from broadcast and interruption to the creation of indispensable services and therefore greater customer engagement. The maturity from transactions to relationships fuelled by data and predictive analytics. Customers have become members due to personalization, brand ecosystems, services that anticipate people's needs. And the most exciting and the most disruptive is where mechanistic, mundane, repetitive, labour intensive work has become optimised and automated by machine learning, enabling humans to do the higher level thinking and provide more space for ideas.

Working with leaders; creating work that leads

We have been in the fortunate position to help our clients navigate and embrace and maximise the opportunity. This increases our relevance and expands our connection with clients. Not only has AKQA been in business 30 years, but we have proudly built relationships that also span decades, contributing to their growth as well as our own.

NTC

This is our 25th year working with Nike and we have collaborated on many world firsts and thousands of projects, including designing NTC, the world's most popular fitness app that gets billions of minutes of connection every year. It is based on the simple and democratic idea that not everyone has a personal trainer, but everyone has a mobile phone.

Like diversity, sustainability is another priority for all stakeholders. We were delighted to collaborate with H&M to create the in-store experience to transform old clothes into new pieces.

We teamed up with Disney to create the guest app for the happiest place on earth, which, apart from Finland, is, of course Disneyland.

We have proudly worked for Rolls-Royce motor cars for ten of their 118 years on a variety of projects, including their digital design system.

Luxury is a category specialisation for AKQA and we have had the honour to work with LVMH for a decade of collaboration across multiple maisons.

Augmented intelligence

Clearly, AKQA are the most important initials to me, but for our industry, it is AI, of course, and instead of artificial intelligence, we think of AI as being augmented intelligence as it is a great productivity partner for our people and it is become the perfect partner to help us maximise the productivity of our client investments too.

AI-powered model to guide where & how to invest in growth

Over many years we have applied AI in myriad ways, but the application I am most excited about is we have recently helped a retail fashion client grow their revenue by 33% over the last 12 months with 98% accuracy in where and how to invest using our proprietary model.

What this demonstrates is that AKQA has innovation in its DNA, continually being at the forefront of many of the revolutions and disruptions that are transforming our industry and the operating environment of our clients.

Enriching lives with useful, inspiring work

The reason our work connects is because the defining characteristics of everything we do is the imaginative application of art. Where we focus on craft, story, beauty, vocabulary, science, where we focus on new technologies, experiments, data, analytics, methodologies and best practises, and soul, where we focus on emotion, intuition, humanity, generosity and vibe.

The most powerful force in the universe isn't technology, it's imagination

In a world where AI and new technologies are powering ahead at unrelenting speed, it is our belief that human creativity will be even more important and even more valued, and that the most powerful force in the universe is not technology, it is imagination.

When you are in the business of helping clients to create the future, there really are no limits to opportunity and growth. Speaking of growth, I am delighted to introduce Richard Glasson, who's led Hogarth to remarkable growth for WPP.

Hogarth

Richard Glasson: So I am delighted to talk to you today about Hogarth, which is one of the companies within WPP that you might be less familiar with. We are the making part of Hogarth, the production business. And whilst when you think about making you think about production, you might immediately think about shooting and editing TV commercials, actually it goes, all of our clients have much wider content needs than that. And so thinking about what that looks like, here you can see some work that we do with Apple, which is a client that we have had for 13 years now.

The reason that I think production is such an exciting place to be at the moment is because all of our clients have to think about how they can produce work at every hour of every day. They have to produce work across every channel. They have to think about their different audiences, they have to think about different markets, different cultures. You can respond to things that are going on in the real world. You can take real-time data coming back from various queues, you can respond to changes in weather, you can respond to the time of day. So what that means is that all of our clients have a virtually limitless need for data, for work across every channel. And that creates a huge opportunity for us.

We are also helping our clients to innovate into the future, to think about different ways of making work, to use emerging tools and technology to ensure that their work is capable of addressing the changing needs of their consumers. We can now talk to consumers and engage with consumers on behalf of our clients in a way that simply was not possible in the very recent past. And again, that is what is creating the big opportunity for us. And that is why we believe that production is an area that everybody should be taking very seriously as a business, and why Hogarth represents such a large growth opportunity in the industry and for WPP.

Supporting integration across WPP

We are also an engine for integration within WPP. So we work with all of the creative agencies that you have seen here today, and we have a deep integration with GroupM. You can think of us almost as the connective tissue across WPP, which enables WPP to offer true end-to-end capabilities, and brings together creative and production and media in a simple and compelling way for our clients, in a way which I do not think is replicated elsewhere in the industry.

We have grown organically over 15 years to become the largest advertising production company in the world

And it is that sort of integration, combined with our incredibly strong direct-to-market offer, which, again, I believe, differentiates us, which has driven our extraordinary growth. So Hogarth was a startup just 15 years ago when WPP invested in the business in 2010. There were fewer than 100 people in the company. I joined the company just a few months after that. And from that point to the end of 2023, we grew by over 60 times in every key measure. So we have had a compound growth rate of over 10% for our entire life within WPP. And we expect that to continue as we move into the future.

Scale matters in production especially as the world goes digital

And in scale terms, as a business, we anticipate that growth really driving us forward, because scale matters in production. We recently completed the consolidation of various other parts of WPP, various production entities which existed within WPP, into Hogarth, which now means that we are 7,500 people globally, which actually makes us probably more than twice the size of our nearest competitor. It means that we are very clearly the market leader in the world of production. And the reason that I believe that matters is that production, up to this point, has been a highly fragmented market. It is been a market with a lot of boutique suppliers in there. And actually, the consolidation is really starting to happen, because the consolidation is necessary for our clients, because they need to have access to the best innovation. They need to have access to the tools and technologies which we are developing, and to the partnerships which we are embedding within WPP and within Hogarth.

And if we conservatively estimate that the global production market for advertising, and I think this is a very conservative estimate, is 50 billion, and then you look at the size of Hogarth, and so carrying on at existing growth rates, and taking where we are today, we should expect to be about \$1 billion of net sales in the next two to three years. And so we are looking at maybe 2% of that \$50 billion, and if you look at the market share that WPP has, then actually that creates a huge opportunity for us. Particularly given that I believe that the tools that we are building and the ways that we are working with our clients is driving genuine differentiation and genuine competitive advantage.

And so an example of that could be this, some work that we are doing with our partners at VML on Ford. This is a real-time configurator that we built using Nvidia Omniverse and AI technology to build an end-to-end CG pipeline. So our craft experts in the world of VFX, using these cutting-edge tools and technology, now are creating real-time configuration which completely changes the way that Ford can talk to its clients. It connects engineering to advertising, it connects advertising to commerce. It allows for completely bespoke and unique experiences. And then working with VML, working with GroupM, all of whom are obviously key partners of Ford, were able to bring this to life and create engagements that have never been seen before.

In summary

So my message is really simple. My message is very straightforward. We think that Hogarth is a very strong growth story for WPP and in the industry. We have got completely unmatched scale, we have got unmatched breadth of capabilities, a differentiated model whereby we work in a very integrated manner with all of our partners here at WPP. We have access to all of the WPP clients, but we also, as I say, have a very strong, direct-to-market offer. And we have got a huge runway ahead of us in terms of the foundations we have laid in the business and the growth that is ahead of us. And we strongly believe that we will be an engine for growth for WPP in 2024 and beyond. And you got my word for that, Mark.

Mark Read: Very good. I am sure we do. Thank you, Richard. So, look, I think it was worth spending a little bit of time on the creative part of our business. I think if you think about getting to 3% plus, we are going to get there if we can get our creative agencies growing more strongly, and I am sure we will come on to that a little bit in the Q&A. And I hope you took away from that session the three things we wanted you to. We do a lot more than just

the ads. Production is a big growth opportunity. And thirdly, that AI is going to transform how we work creatively, largely in a positive way. So that is sort of the second stage.

The third stage is really around building world-class, powerful brands. And we would like to have both VML and GroupM show you what they are doing. Jon and Mel, come up and talk to us about what is going on at VML and why you are excited to lead it and get the VML name back.

Build World-Class, Market-Leading Brands

Jon Cook, CEO, VML

Mel Edwards, Global President, VML

Christian Juhl, CEO, GroupM

Evan Hanlon, CEO, Choreograph

Jon Cook: We are excited to talk about it. It is a good word. However, Mark said VML is a new company. You said that earlier, Mark. And we are still getting used to that, being a new company because VML is certainly, as you know, born from some very established companies, VML, Y&R and Wunderman Thompson, the companies that we come from. So getting used to that being new is true, but it certainly is, and we cannot wait to talk about it. I am Jon Cook, I am the CEO of VML. And Mark showed that chart of our executive team up earlier, and I had 28 years on there, made me feel really old. I am really not, but 28 years and you get a lot of people asking you, that is a long time to be one place. However, honestly, the chance to reinvent the opportunities WPP has given me and all of us, it is the reason I am here. And I could not be more excited now in my 28th year than I have ever been to be part of things.

Mel Edwards: Hi, everybody, I am Mel Edwards, I am the president of VML. I came from the Wunderman Thompson world, but we are super excited to tell you a little bit about the company today. So we announced VML on 17 October, and we launched VML on 1 January. So in three months, we have been a bit busy. We have definitely got a few grey hairs now between us, but we have spent that time really going to our clients and talking about the power of VML and what we can now bring. But similarly, we have also been announcing our leadership team. And as well as integrating a company, we have put together a fantastic, diverse leadership team globally, regionally, at a capability level. And also we have announced every CEO across every market. And we have 60 markets.

Four reasons for creation of VML

Jon Cook: And you mentioned 17 October. That seems like a long time ago. It really was not that long ago. It is been a busy couple of months merging VML. And we thought what we would start with, there has lots of reasons. The simplicity, the scale. A lot of the headlines were certainly about the scale of VML to the point where it is like, please stop with the scale. When those headlines came out, we are going to talk about the power of scale, the power of simplicity and certainly the plan for growth, but where we are going to start is to give you a little insight on why VML was born, the opportunity we saw to create something special.

If you look at, as we mentioned, we have both merged companies these last five years, they have both grown but Wunderman Thompson and VML Y&R have grown well since 2018. And one of the reasons, including those COVID years that we both created growth, was we went

beyond advertising with our creativity to go into advertising, customer experience, commerce, deeper into technology. It created a diverse set of capabilities that let us grow with our clients in unique ways. And so we looked at the fact we both have that. And if we could combine that, there has something powerful.

We looked at CMOs, CEOs, our clients that were wanting their brand advertising to be closer to their commerce, even if those were different organisations internally, that connectivity was something they wanted closer to their customer experience. We looked at our competition, if we looked at consultant competition, we have a lot of respect for that competition, but all certainly trying to acquire creativity by building it, hiring it, buying it, to mixed success. And we look at our advertising agency competition outside of WPP and a lot of fantastic creative agencies like we are, but trying to rationalise how to add technology, commerce, etc., to mixed success.

Connected creativity

We had the chance at WPP because of what we would built and how we would grown these last five years to do that right from the jump at scale around the world. So that is what that now looks like in the new VML. We call it connected creativity and a lot going on in VML, but a very simple chart that describes what we do and it is a creative agency to build brands that combines brand experience or advertising, customer experience and commerce. And that in a lot of our competition might be something that there has one person doing this, or a small group, it might be three different companies for some of our clients. Our secret sauce is the ability to do that together, all as one, harmoniously with creativity.

Brand experience

So what that might look like, we are using a lot of terms there really quickly, but brand experience is what you would expect from an advertising agency. Advertising campaigns, content, storytelling, customer experience, which is simply put, the way that you bring customers and a brand closer together through experiences, whether those be digital experiences, applications, custom content can take a lot of forms, that is customer experience. And then commerce, which is now end-to-end, the ability to invite people to a transaction creatively, all the way to the systems that power commerce. We do all three of those things. And it is not three different companies within VML, but three practises working together, creates a good growth on ramp for us, because we can go in through any of those doors. A lot of the opportunities present themselves in those doors. We come through one door and then we can expand. We have had a good track record of doing that. Or as the future becomes continuously one, we can come in as one. Either way, it creates a good growth pattern for VML.

People won't give an amazing brand a chance if they have the wrong expectations

So this is a lot happening in this chart, but a quick way to look at that. This is what happens in some of our opportunities. There may be a situation where we are doing fantastic customer experience or product work for someone, but the brand experience of the advertising does not make the right promise for that. We are able to then create that brand experience, to bring that on par with the customer experience of the product.

And, they won't stick with brands that fail to meet their expectations

Or we are doing fantastic storytelling about a brand, but when you get to the product, it is a subpar experience. VML can then bring that customer experience up to par and create that expectation on equal measure.

But they will support and adore brands that set the right expectations, and surpass them

This is what VML was built for, to create fantastic stories about brands, to unite the products and the experiences you have with brands. And then because of all that, to create the transactional situation to buy and spend more money with those brands.

And to do that, we have to have creativity through all of it. I think there may be some of our outside WPP competition that would consider creativity just in the advertising. It has to go through all of it. And so VMLY&R and Wunderman Thompson, both highly awarded creative companies, just last year alone, the number one agency in the year in all these shows. And then just in December, the Drum named us the creative agency of the year. The same show that WPP was named network of the year. World-class creativity has to power all of it.

Simplicity

Mel Edwards: And the second reason we formed VML was simplicity. We actually took our top 30 clients and 85% of those we shared between the two previous companies. And now we are showing up to those clients and every single client around the world as one brand, as VML. And the reaction from our clients has been fantastic. They are super excited. They want to see the value of VML and the power that VML can bring.

And we had to hold our hat behind one brand. And we stand behind these amazing advertising giants. JWT, it was founded in 1896. Wunderman in 1958. And VML is the baby, would you believe? It founded in 1992. But we thought we needed one name and we could have smashed all those together to create a brand. However, I, for one, as Mel.Edwards@WundermanThompson.com, going to Mel.Edwards@vml.com it has changed my life.

So we have gone with VML. We think it is the forward-facing brand and we think it is a brand that can take us forward in the future with the amazing capabilities that Jon's already set out.

But we have also simplified it for our people as well. So we have over 30,000 people globally, but now they are all sitting behind this one brand with these three practises showing up to our clients just with this one single name, VML. And that is super powerful. And we are seeing that already coming through.

Power of scale

Third reason, power of scale. And yes, we are big. And I think the value of that for our clients in particular, is that we have so many people that are experts, not generalists, experts, and therefore they can go to our clients and we have the volume of people to be able to deliver the work.

Market integration playbook

But what also comes with parascale is efficiencies and savings. Now, this is our integration playbook. And you might look at that and go, but Mel, there has lots of Latin on this slide. And you would be correct, there is just purely down to the fact that there has lots of

confidentialities that sits behind it. But this is the playbook that we have used to integrate our business.

But one of the key reasons with scale brings efficiencies and savings. One of the things that we have been doing is looking at how we drive efficiencies through regional and global synergies from a back office perspective, how we are using our nearshore and offshore hubs to send more work to make more efficiencies.

And similarly, from a real estate perspective, if you think we are in 60 markets, we are now sort of consolidating from however many offices down to a more slim line version. So here, even in the UK, we are going from two offices down to one. And all of those efficiencies are going to drive £50 million of savings. I am not going to go into any more detail. Joanne is going to pick that up in the next presentation on finance, but that is what we will be able to deliver from an efficiency perspective and a savings perspective coming together as VML.

Growth

Jon Cook: Yes, and all this designed to create a better growth platform, to repeat the success we have had from growth in the years to come. So we will talk about our future of growth, but there has a lot we can learn about what we have done these last five years that will help guide us to the future. Okay, so a lot on this chart, but this is the four years after each of us merged in 2018. This is the combined annual growth rate of each of the two companies that come together on one page.

And so a couple of things that I will point out here. First of all, that growth rate is strong in both companies through those four years. Now, the industry hit a lot of headwinds in the second half of 2023, seems like a long time ago, we were not immune to that. We have a lot of tech clients and we certainly felt that as agencies as well. However, it is part of a story of the last five years of growth, for sure.

Second thing I would point out is as we created growth, we also created simplicity and made brands that were losing relevance or losing steam from a growth standpoint, gain acceleration. In the red, you can see brands that both became part of these new companies that had subpar track records come together into an aggregated set of growth.

And the third point I will make is there has a lot of lessons learned from how to do this, because creating the work that goes into a merger, both culturally, operationally, and in an offering to do that work while creating growth has been something we are really proud of. And that is our expectation for what we will do next with VML.

So lots of reasons we created. I hope that gives you a good behind the scenes of the concept of VML. I shouldn't say concept. It is very real as we stand here. I think, you know, simply put, the reason we are doing it is to do better, simpler work for our clients. And Ford's been mentioned a lot. You heard from Andrew Frick quickly in the video, 80 years, as Mark said of relationship with Ford, these are the kind of clients we built VML for, a simpler, more powerful offering. And we will talk about what VML does for Ford specifically.

Ford

But before we do that, this is a large WPP client, a large relationship. And we wanted to show you just a schematic of how WPP works for Ford. It helps define Ford, but I think it is a good proxy for the way we work with a lot of big brands at WPP, always a global client leader or

GCL, uniting the entire group of us behind one relationship. A set of agencies working together to deliver creativity and everything we have just talked about. In a lot of cases, like in Ford, VML plays a lead role. That could be different agencies in WPP. However, usually all of us are working in some sort of harmony on a large client, but always working in concert with the media part of WPP, GroupM. So that is that.

Then, as you heard from Richard, completely supported by global production. That is how we work everything with Ford we do as an agency. It is produced then by Hogarth and then AI-driven tool set WPP Open. You saw a lot of charts and demos that at the end of the day, this lets us do our jobs better and create better work. And I can tell you in that history of time that as maybe 2018, 2019, this would have been a lot messier because a lot of us were repeating a lot of these things at WPP in these last five, six years. To have that singular simple and to have great relationships between the individuals involved, I cannot tell you how much easier, more powerful that makes our job.

So that is the WPP landscape on Ford. From a VML standpoint, it is a good microcosm of the offering that Mel and I are describing to you. The idea of these three things working together, it is not just what we do, it is the expectation of Ford that these connect. So sometimes we will start with advertising. In this case, we want to show you customer experience first, because I think that is maybe one of my favourite parts of what we do. At Ford, it is all the experiences we are creating around the world to unite dealers and consumers, to take Ford owners and make them closer to their car, or to take Ford prospective customers and get them closer to a buying situation. This is what customer experience looks like at Ford.

[Video plays]

Mel Edwards: VML is very much responsible for the ownership cycle, that customer cycle, CRM programmes, loyalty programmes, but we also help drive that transactional process for the customer or the consumer as well. So we are heavily embedded in commerce with Ford. And what I mean by that is we are creating services like the pickup and collection delivery service from Ford. We have created and built the mobile payment platform at Ford, as well as the configurator that you heard Richard talk about. But we are also transforming their supply chain as well. So we are really deeply rooted with our capabilities into one of our largest clients.

Jon Cook: Customer experience, commerce, and there is, yes, still advertising. So as part of the equation, advertising for Ford's fantastic and it is a great opportunity to not only do great work, but to tell the stories about those products that we just showed you. We are going to show you a TV spot that we did for a product called YouMode. It is a personalised set of services that Ford owners have access to. Within YouMode, there has a product called Blue Cruise. It is a self-guided driving programme, a lot of technology behind it, a lot of customer experience. It is also part of the commerce. But, at the end of the day, something that beautiful does not need a lot of words to tell you what that means at Ford.

Mel Edwards: And everything we do with Ford is powered and enabled through data, technology and AI, through the amazing configurator we have built with millions of pieces of content. I said trillions the other day and everyone was like, it is multiplying. But, all of the personalization we can do with the work that you heard that Daniel spoke about, that

personalization that can go to a customer level and engage them further is all driven through data technology and AI.

And I think this is the power of VML. This is the secret sauce that we have created with being able to go to one of our largest clients at WPP and VML and being able to deliver brand experiences through to customer experiences and all the way through to a transaction and a purchase with commerce.

Jon Cook: Yes, and you said it, Mel, secret sauce. We have been spending a lot of time together these last months and one of the conversations we had is what is our role as agency leaders in WPP? And it is a challenging job, it is a great job. And the job is to not only create relevance as an advertising agency, but to sustain relevance. And it is been choices about capability that is make that sustained relevance something we are proud of and excited about. Now we are going to do that in creating VML at the same time as creating that offering. We are going to save a lot of money through efficiencies. We are going to create a great future for growth. We are excited about VML.

Now as mentioned earlier, that VML, as with all the WPP agencies and every large client we connect with GroupM and our media offering, it is a fantastic relationship. Nobody better to talk about it than global CEO of GroupM, Christian Juhl.

GroupM

Christian Juhl: Thanks, Mel, thanks, Jon. Hello everybody, my name is Christian Juhl. As I said, I am the global CEO at GroupM. The last time I was here, I think I talked to you guys about the profound effect of technology on media and advertising and I tried to explain to you how we were doing search campaigns that used to take two weeks in about 20 minutes. Does anybody here remember that? Okay, Jon remembers it. I talked to a few of you at lunch who said you did, but nothing has been more true since that time. That technology has absolutely changed the face of the way we think about marketing and advertising and media, and you have seen so much of that today.

I have been asked to sort of explain sort of what GroupM does before we even really get into the mechanics of it. So let me give you a quick 20 seconds on media. There has really three different components to it. There has our customers, of course, you have heard from many of those today. There has the supply side, and these are the folks that actually make all the content in the world that advertising runs adjacent to. This could be everything from TikTok to at a home, to newspapers, to the television spots, to the wonderful Super bowl with my hometown, San Francisco. And then there has actually the brands that want to connect with all these consumers through that. And what we do is play the most important role in the world for connecting those media owners with the brands and consumers so that we can shape what those experiences look like. That has never been more complex than it is today. And I want to spend just a couple of minutes talking about the industry and where that is.

Once I finish about the industry, we will talk about GroupM's place within it and how we look at that. And then in my quick conversations with many of you, I know that you guys want to hear how we are planning to grow and what that looks like specifically around the world.

The \$900 billion media marketplace

So first, a second on the actual marketplace right now, there has a \$900 billion media marketplace out there. And when I predicted technology was going to have this profound effect upon it, I probably even underestimated it at that point. So when you look at what is actually happened in this, there is digitization has happened in an incredible rate. So you hear all about everything that is happened in that space. We are now at a spot where about 50% of all the advertising revenue that is out there is digital.

Of that 50% that sits within there, the vast majority of that is being bought programmatically. And in your world, that is like a high frequency trader. So if you think about what we are doing, we have shifted the role of planners that used to sit there with fax machines and actually putting in search orders, calling your local papers or your publishers, to those that sit with hands-on keyboards have to understand algorithms, artificial intelligence, all the technology systems to get the exact impression into the right consumers at the right time. It is an incredibly complex job when we do that across 82 markets globally and for the likes of brands like Coke and Google and Ford.

Now, streaming is also another big influence in this place. So you have seen linear programming and you have that locally in all the different countries around the world, but now you have got the likes of Hulu, Amazon, Disney+, Peacock, pick your service, you probably all have more than you want at this point, but that allows different type of formats to come in that looks more like digital, but streaming on linear platforms. That again, adds more complexity to the space and more opportunities for brands to interact with consumers.

Now, I think long term, when we look at the space, you are going to see probably less opportunity as they reduce ad loads to increase competitiveness in the streaming service, which is going to mean more emphasis on ways that brands can interact as the amount of available ad time, if you think about that way, comes down now, you are seeing some of the people, when they come on Netflix, they talk about their ad-supported model. It is less ads per hour. That means that things like events where culture, music live, these types of things are going to become really important.

Mark mentioned earlier we have 19 spots in the Super bowl this year. That is great. It is an all-time record for us. However, that only speaks to the strength of live in sport. And what needs to happen is people are looking to make mass connections in that space. You are looking at ad-free models still. So I just talked about this shrinkage of time that we have available to connect with consumers. We have to make more of that time, as that comes down. I still think we have to look at the government as well in this space. We are seeing regulation come in. We are seeing a lot of potential challenges for some of the strength in the marketplace. So we will have to keep our eye on that as well as that looks at complexity.

By 2030: the top-two players account for 47% of advertising revenue

And then finally, and I think this is an important part, consolidation of ad revenue into global platforms. So this takes a look at our own forecast we put out for this year. Next year, that by 2030, the top-two players will account for about 47% of ad revenue. I mean, that is remarkable. The earlier part, when Mark was talking about how much data can anyone holding company have? Nobody can beat the amount of data that Google and Meta are going to have. It is just impossible.

So you look at that amount of revenue that sits within there. What that means on our side, as we sit between them and brands is that we have to be masters in these universes. We have got first-to-markets with Google, first-to-markets meta, first-to-markets with Amazon. Our scale as GroupM has meant that we have access to this that really nobody else in the space does. That is really important for us to be able to make the meaningful connections between brands and platforms that our customers rely on us for.

GroupM is the #1 media investment company

So where do we sit within that space? I want to shift and talk about GroupM specifically a bit. So GroupM does almost \$64 billion in worldwide ad revenue. Our closest competitor does \$45 billion. And that is important. There has a lot of different reasons that scale matters.

First, our global footprint that allows us to service in the 84 markets around the world, in the hundreds and hundreds of cities that we service, to be able to take campaigns and put them out locally. It is tempting to think that with the advent of all these big platforms and how globally consolidated everything is, that you could run all this through hubs. And trust me, I ran a digital only agency for a while, and I used to talk about the power of hubs. The truth is, we are still 50-50 analogue-digital. To be able to run local newspaper, local television, and to be able to create those brands in a full, holistic manner, you need to be in the markets where these brands want to win. And most of the growth comes out of Asia right now, where we are by far the number one market. And we have an incredible footprint there to be able to land the brands where we need them to be.

Second point, and this is also very, very important. So one is scale, but the second one is around, how do you have collective intelligence? And I think about this in terms of collective intelligence being we do \$64 billion around the world. That sounds great. It is a big number. The difference between \$64 billion and \$40 billion, the number two person, is trillions of daily campaign data points that we get in order to understand through our systems that Stephan talked about earlier, how to predict performance and how to deliver higher overall return on ad spend than anybody else in the industry. That is the scale. That is the flywheel that we start to get into.

Pricing advantage, of course. You come to GroupM, we are big, we get great pricing. That is really important. We continue to provide that on the world. Leadership, AI and data. You saw a bit on Choreograph. Evan's over here, my friend and the CEO of Choreograph. He is going to come up and give you a demo in a second.

Talent, I mean, GroupM builds great careers. We have multiple brands. We have an incredible company. We are leading in this space. People come to GroupM and they stay at GroupM, those global giants we talked about, we are the number one customer for all of those platforms. So we get to meet with Sundar, we get to go through and look at where their roadmaps are going. We have incredible influence. We talk to them. We are the leaders in talking about privacy, viewability, carbon neutrality, all the different issues that affect the media industry, we are at the table helping to drive that agenda.

We have global CMO relationships with all the top brands and we basically get included in every global review that goes out. That is what scale gets you. That is why I am a GroupM. That is why I love it and that is why our 44,000 people are here.

Clients that benefit from scale

I mentioned our clients. We are really proud of them. I wouldn't be up here without them. So I just want to take a second to say thank you. These clients are the ones that trust us with all of that money. You think about the way that they actually connect with their consumers and what it takes to make sure that you get the right ad at the right time in the right place. It is no trivial responsibility that we sit, and I thank them for everything that they have done, and it is an incredible roster. I like to say I kind of get to work on a new job every day and that is because of this. And when you look at the variance of what we have, the type of clients that have been challenging the industry and defining an industry for so long, it is a great job.

Our agencies are our growth engines

And our agencies, we are incredibly lucky to have three of the top-five agencies in the world. You have got Essence Mediacom with almost 25 billion. You got Mindshare at 22 billion and Wavemaker sitting at 15 billion. Each one of these agencies wins numerous awards every year in different categories for being the number one in their space.

Our work is the best in the industry

And our work, it is quite simply the best in the industry. I had the honour of being the President of the Media Alliance this year at Cannes. I say honour, it is kind of a responsibility and honour in a job. You go in about a week early and you sit in a windowless conference room and you look at thousands of pieces of work with basically other people from the industry that do not work with you, or your competitors, in many cases.

The piece of work I am going to show you is actually from Dove. And it has the benefit of being both a Mindshare client and an Ogilvy client. However, it won the Grand Prix. And with that, Mindshare won actually Agency Network of The Year this year in 2023 in Cannes. And it won. We sat down as a media, we said, what makes great media work? We really wanted to be specific about media in itself. We said, it is an emotional campaign. You will see that as I share it with you. However, really, when you look at it, the use of technology, the global scale of it, the localization of it, the integration across all different media channels, we were able to put over a billion views of this worldwide when we did the campaign. And then you look at the ability to actually look at how we manage it over time so that it continued to sustain and build and wane and come back through all the different channels that we used. It is a really impressive piece of work and helped drive significant sales for Dove.

[Video plays]

Christian Juhl: I always have to look away after seeing this for, probably hundreds of times at this point. I think that last moment really gets me, because you think about, for those of us that have kids, what is happening and how the social media filters and what it can do and how it distorts your own self-image, it is a powerful message. Ogilvy nailed it. Well, we were just happy to be the partner that could distribute that message around the world and help amplify it to those platforms.

Our objective is to be #1 everywhere

So that is a bit on the industry and that is a bit on GroupM and our place within it. Let us talk a little bit about what our ambition is and how we are going to deliver that for you.

As I said, we are number one in EMEA, we are number one in APAC, we are number two in the US, number two in Latin America, and we need to do a little bit better than that. So we are going to come on to exactly the US plan. About our investment priorities, I think by executing this, we will be able to deliver where we are already at and expand our growth rates. So, one, simplification, two, industry leading talent. Three, specifically win in the US, because if we do that well there, the rest of the world will follow. And then four, Evan is going to come up and show you the AI and technology platform that is going to drive a lot of this for us.

We are 3 years through our 5-year plan

Mark mentioned earlier, when I took this job about five years ago now, I told him that I think technology was changing the face of this industry, that I think we needed to simplify the overall GroupM business. And we launched a programme called Synergy. And in March of 2020, for the first time in GroupM's history, I brought the top 250 people together and said, we are going to get to a spot where we are one company, one product and one culture. And technology is going to force us to make this change. You cannot have multiple operating companies with multiple different operating systems, multiple different planning tools, multiple different ways to go to market, generally around the world. It is simply too complex, it is too expensive. And most importantly, we will not win because the likes of Google and Facebook and the earlier transformation, I just took you through what has happening in our industry, requires us to think like a software company. It requires us to develop systems, thinking processes and technology. That means we train all 44,000 people to say, today is media 1.0. In six months, we are going to be at media 1.5, in two years, we are going to be at media 3.0. And that is going to be powered through AI and programmatic and all the different transformations that are happening in our industry.

So we started this path back in 2020. We created a different operating model. We looked at the businesses that were not going to perform for us and that were complicating our business and divested those. We took our investment strategy, made that a single voice on a global basis. We actually created a world-class people proposition to start recruiting engineers and technologists and programmatic specialists. We created the responsible media investment framework because what really matters is purpose in this space. When we look at what GroupM is and our scale and our size, we wanted to actually make sure that we made this industry a better place.

So you saw us talk about things like sustainability, carbon neutrality, our data ethics, responsible use of AI and taking leadership positions in that space. We created Choreograph, our technology and data company, and then we really looked at how we use AI, from strategy all the way through to execution. One of the earliest uses of that was our copilot AI optimization system that we could apply against the DSPs that we created five years ago and have had in market since then.

We started moving towards offshore and automation and we are expanding that. Knew that would be a required piece. We created Nexus, which is really creating all the addressable and digital media groups into one organisation. GroupM has by far the largest performance media organisation in the world. That is because we went through these steps that we have here.

We created Essence Mediacon, bringing those two brands together to further simplify their portfolio. And we have created a large amount of global practises, commerce being one of them, retail media being another one.

So when we come into 2023 and 2024, and where we are at now, we are going to further simplify the business. So continue with this plan. We are going to eliminate a lot of the mid and back office that is been supporting multiple finance systems, multiple P&Ls, and we are going to reinvest a lot of that in the talent, data and technology we need to continue to lead in this space.

Operational simplification

Now, I know you have a lot of questions about specifics for the simplification plan that Joanne and Mark talked about. So here is really how we lay it out for our employees.

Our agencies continue to be very important for us. It is how we manage portfolios, it is how we manage conflict, as Mark talked about earlier. It is how we build category expertise. So we will take our agencies and they are going to be focused on growing their clients' business. They will be the growth architects for their clients. Say, how do we think about new products, new markets, new media types? How do I build my marketing organisation so that I am ready to deliver for the future?

Importantly, in that they will not be in there talking about search strategies or programmatic or applications of AI, or picking the technology platforms in Turkey or any of the other countries around the world. Because that is a single codified process at GroupM at this point.

We will go to market the same way in every country, in every market for all of our clients. And we have codified that to such an extent that we have written books and pads. I was just sitting through a meeting here earlier. People literally have the books which we still printing, sadly, but that are saying this is how we are going to do this. If when you want to learn marketing and advertising at GroupM, when you want to run programmatic search or social or think about the application of AI, this is it. Here is 200 steps. And we have written this with Google or Meta or any of the other partners in there to say that this is not only the way we do it, but it defines the industry and the right way to run media in the business.

We will get efficiencies from all of that, so there will be cost savings within this and Joanne will walk you through the numbers. However, naturally, when we go from doing things in a myriad of ways to a single way, we can reduce all those things that we do not need to do any longer. We will also move to a single P&L in every market around the world. So instead of looking at big global P&Ls and local market P&Ls and all the infrastructure that comes with that, we will report on a country by country basis and we can optimise against specific countries in that sense.

Industry-leading talent

The second thing, that is about talent. Over 90% of our employees say they love working at GroupM. It is an important number for us. We spend a lot of time talking about talent. We spend a lot of time developing our talent. We spend a lot of money on it. And for us, that is really important that we keep that number as high as we can possibly get it. In the last four years we have reduced churn by 32%. Again, really important for us. Not only do we want to attract this great talent, we want to hold on to it.

We win tonnes of awards for DE&I for the best places to work. Our campus strategy has worked really, really well. The ability to work with all these great creative partners and technology partners means that people feel proud about working at GroupM and WPP and they want to stay. And we continue to create a global culture of innovation and creativity. It is not surprising, but I sit up here as the CEO of GroupM, and I think media sets the context for how we communicate with everybody around the world. Everybody is encouraged to think about creativity at this company. Everybody can be an AI expert at this company. Everybody believes that we are the creative transformation company and that we have a part to play in that.

Winning in the US

In the US specifically, we have done a lot of things already in this space. We have refreshed our leadership. Just last week I was in New York, announced sharp for Johnny, one of our most winning CEOs in the US that came out of Wavemaker as the new North American CEO. We have looked at more client-facing expertise. We have rehired a bunch of different client leaders in that space. We have stronger technology deployment, heavier focus on commerce and retail media, because it is been so important in that marketplace. We have looked at taking the scale in our media position. We are number two in that, in the US. And how do we take that so that we can use that for advantage against our clients? We have simplified the go-to-market narrative. We have reduced the mid and back office, and we have actually integrated to a great degree with a lot of WPP so that we can have greater strength in that space.

I want to address 2023. Despite we still grew at over 3% in 2023 and GroupM as a whole, but did over 5% on the year, we had some losses that we should not have had in 2023. And it is not a capability gap that we have in the US. When I walked through all those things we have been working on for years, we have the right technology story, we have the right data story, we have the right people, we have the right talent. We simply failed to get as simple as we need to do and tell that story every time, at every opportunity that we had. And we had some clients had high turnover on their side. So a lot of the pitches that you read about, we had a new CMO come in and wanted to re-look at the relationship. And when we did that, we should have taken that opportunity to come in and tell the GroupM story that I am telling you today. And that did not happen in all cases. And that is the honest truth.

So when you look at that, sometimes it is just we need to be stronger about making the change going in, bringing in the technology story, talking about AI, forcing the change for clients that sometimes they themselves do not know they need to make, but it is not a capability problem. We just failed to tell the right story at the right time.

With that, I am going to turn it over to Evan Hanlon, who's going to come up our global CEO at Choreograph. And I will come and close with you guys in a minute. Thank you.

Choreograph

Next-gen AI media & data platform

Evan Hanlon: When I joined WPP in 2023, we were just figuring out how to run the first programmatic ad on Facebook. Today, they compete for the number one slot on every single media plan from every single one of our clients. In that span, I have had the opportunity not only to lead technology teams, but also to be a global client leader and be on the front lines of

facing down what that amount of change ultimately looks like every single day. And what it really comes down to is that our clients need a partner to help them navigate changing technology standards on a near daily basis.

That is what we help to deliver at Choreograph, and the way that we do that is by focusing on connecting our clients with the world's data. That means using our own data as both a calibrator as well as a connector into these sort of vast wellsprings of data that all of these different platforms and media partners that Christian just walked you through ultimately look like. It is also a focus on a connection to activation and optimization. We are ruthless in our pursuit of connecting insights to media directly, because if we cannot buy against it, ultimately it is worthless. And that connection also helps us create compound intelligence across all of our marketplace activities, which we ultimately are able to use to inform the wider WPP Open ecosystem and connect not only to media, but to creative and production, as you have seen before.

Next-gen media platform

So the way that we are ultimately able to deliver that is across three key pillars within Choreograph. The first is AI, the second is data. And the third is the platform experience that is in the hands of all 44,000 of our employees around the world.

AI-native tools, powered by the best WPP brains

Now, AI, for us, has been something that we have been working on for quite some time. We focused first on that optimization space where algorithms had governed how we bought, and how we generated new value for our clients on a day to day basis. Now, the really sort of different piece in the sort of supercharging component of this is the 'brain' work that you have seen coming out of WPP Open and Satalia before this. What that helps us do is take not only sort of very narrow and specific data sets around consumers, but also start to marry it against other disparate data sets that are not so easily joined.

Instead of having to spend an enormous amount of time of structuring a database, adding new rows and columns, which can take sometimes months, we are able to use the power of the 'brains' that we have available to us to actually smash this data together on a near real-time basis, to start to put into the hands of everybody, developing insights, developing media plans, and ultimately buying and optimising. Just one audience 'brain' is able to manage not only 220 million different psychodemographic profiles that we own, but start to converge and merge all of the sales data that is available to us in the United States, for example, to start to answer one single fundamental client for fundamental question for all of our clients, which is, how do we grow?

The largest, most connected data graph

So let us talk about the data piece for a moment. We have the largest and most connected data graph. This means that we not only own and hold our own customer database in the United States of 300 million profiles with 10,000 unique attributes, as large as and competitive as any in the market, but we are also able to further contextualise and enrich that with data that we generate from planning, optimization and campaigns. Further contextualising an incredibly sort of unique and specific edge that only we have from the trillions of additional impressions that we are able to run every single year.

The other important piece of it is that that data that we own becomes a connection into the most important and deepest sources of data within platforms like Google. Just this month, we announced that we were the first agency holding company, and the first of any of our clients to integrate with Google's audience insights API, which gives us access to more than 1.5 billion real-time signals on a daily basis to enrich and calibrate and start to buy and activate within the Google ecosystem and inform media plans beyond the walls of that platform itself.

Open Media Studio

And speaking of platform, none of this works if we aren't able to get this out of a spreadsheet, out of a code base, and into the hands of the people who are doing the incredibly difficult creative work of identifying where our clients problems come from and how they ultimately solve them, not only with media, but with creative and the joining of that together. I want to take a moment to walk you through what that experience looks like and what a day in the life of our teams are to really be able to accomplish that.

So everything we do starts with our client data, right? It is their competitive edge, and it is the single thing that they own that no one else has access to. And what we are going to walk you through is a sort of real workflow of the platform for a sample technology client. In this case, what we are ultimately looking at is a database of their best customers that they have got a tremendous amount of knowledge, but some reticence about sharing with us, right? So we do this through a clean room, which lets us match this on an anonymous basis and process in near real-time for ingestion first into our insights platform.

Now, once we have onboarded that data, we can start to dig in deep to understand what do these best customers look like. We are starting to see now what segments and enthusiasms these people have within that, what products they should ultimately be focused on selling them, and looking at things like geographic distribution and predictive performance that we can ultimately accomplish with it. We also can start to contextualise and dimensionalize this with not only geographics, but lifestyles and media consumption, which is the bridge then into the sort of really sort of hardworking part of the process, which is planning. This is where we start to take things like budget, like campaign flighting, and start to understand how do we put this media to work and what media partners do we really need to start thinking about placing our hardworking dollars against.

It also helps us understand things like tasks. Is this about branding or performance? Should we be thinking about social or television more, and starting to look at what the predictive reach curves and what the ROI ultimately looks like. Importantly, we can start to input different sort of real world factors to give us lots of different scenarios.

From there we move into what is arguably the most important piece of what we do, which is optimization. You have seen a lot from both the creative studio and the production studio that helps us start to break down the single biggest bottleneck in media optimization, which is creative availability. You are seeing real-time assembly of lots of different creative variations in the thousands that we are then automatically matching to combinations of audiences, channels and platforms, and using insights generated from that to swap that out in real-time.

This is all informed by data from our longest-running AI programme, which is focused on media optimization, which for the past seven years has gone from being able to optimise just

one platform, to many different platforms, to now being able to think and consider lots of different AI algorithms across things like Google, Facebook, the trade desk and beyond, uniting a media plan into sort of one big optimizable campaign.

So a lot of this is really focused on data in, and what that sort of flow works coming out of it. However, the learnings that we achieve by standardising, normalising and combining all of this performance data that we are able to collect from individual platforms is really what gives us that competitive edge when it comes to a view on the marketplace more broadly. Not only does this data allow our clients, for example, to see how their media is performing and where to make large strategic decisions about where they should be spending, but it also allows us to aggregate the broader marketplace activity to understand what trends ultimately look like within the market more broadly.

This is what we mean when we talk about the power of the data that we generate from the scale of our media investment. And this is what Choreograph is focused on in terms of not only powering what our media planners are able to do, but also what our creative partners across WPP do as well.

Christian Juhl: Thanks, Evan. You get a sense of the transformation the GroupM has gone through. When I talk about the shift into technology-enabled services and what that looks like, that is the platforms, those are the types of people that we are bringing into this company. That is the engineering group that we are building.

Concluding – scale, simplicity, vision

I want to close with just three points for you guys. One, the scale of GroupM, number one in Europe, number one in APAC, number two in the US. A clear plan to be number one in every market that we are around the world. Incredible success across Europe right now. Great wins across the board there. The same in APAC. We had our share of challenges in the US, but we also won, still continued our track record of growth there.

We have got a simple operating model. It has been in progress for five years. This is not something new. There has no big bump that is going to hit along the road for that. This is something that I told our people in March of 2020 we were going to move to, and we have been moving very systematically and strategically to not disrupt the business. We have grown every year through that time period and continued to lead over industry.

And then finally, we have a vision for this industry. We have an obligation to lead. We have a responsibility to lead, and we will continue to do so. We love advertising. We love creativity. I am on record a tonne talking about the fact that I want to make advertising earn its place in people's lives, be less annoying, less pollutive. And we can do that through the power of WPP and the company that we have built here.

Financial Plan

Joanne Wilson

CFO, WPP

Welcome back and good afternoon, everyone. I hope you have enjoyed the day so far. It is really been a great opportunity for us to dive a little bit deeper into some of our talent and

capabilities. And really what remains for me to do is to explain how we are going to harness all of that to deliver our financial objectives.

Slide 187: 2023 Out-Turn And Initial 2024 Guidance

First, I wanted to spend a little bit of time on our near-term performance.

As we shared in our release this morning, we expect our full-year results for 2023 to be in line with the guidance that we shared during our Q3 trading update in October. Our organic net sales grew 0.9% in 2023, and we expect a reported operating margin to be 14.8%. Now that translates to 15% on a constant currency basis, which is equivalent to an underlying margin improvement of 20 basis points year-on-year. We also expect our free cash flow to be in line with consensus expectations at around £600 million.

Now, whilst our top-line reflects a more challenging year than we had anticipated this time 12 months ago, we are pleased that the disciplined cost actions that we took this year enabled us to grow our margin, at the same time as continuing to invest in the business.

And turning to 2024, we are forecasting organic revenue less pass-through costs of zero to 1% with headline operating margin improving by 20-40 basis points. We also expect some continued upward pressure on our tax and finance costs. Now, our top-line guidance reflects the headwind from 2023 client losses which will impact really our growth from Q1 onwards, and also the continuing uncertain macro environment.

It is our assumption that client spending in the first half of 2024 will be similar to the trends that we saw in the second half of 2023. And with regards to phasing across the year, Q1 is our toughest comp, and Q3 is our easiest comp, and so we would expect organic growth to be weighted towards the second half. Now we will provide further detail, of course, on both our 2023 performance and our 2024 outlook at our full set of results on the 22 February.

Slide 188: Reflections & Priorities

Before turning to our plans for the next three to five years, I wanted to share some of my reflections since joining the business last year and also some of my priorities.

To start, I am really delighted to be part of this team. What has been really apparent to me since joining is just the relentless focus and the excellence with which everyone from our client leads, to our creative talent, to our data and tech experts, really creates value for our clients.

Now, the team have brought some of this to life for you today and you have heard also from some of our partners and clients. The value that we create is really undisputed and I think we have a real opportunity to turn that into even greater returns for our business and for our stakeholders. We have a powerful combination of smart, highly motivated and diverse individuals, together with a culture where creativity and innovation really thrives. And that is going to be really critical for us as we unleash the opportunities that generative AI presents.

A final reflection is just how much has been achieved culturally, operationally and in transforming how and what we do now. We all know that transformation and change is not easy, but it is necessary. And I believe that the foundations that we have laid in the past three to five years will enable us to achieve even more in the next three to five years. As part of that, we will seek to execute more efficiently to drive better productivity and returns from our business. We are ambitious to do so and we are confident that we can.

And that brings me on to my priorities, which really will follow what I will talk to you about today. The first one is driving more profitable growth. The second is unlocking operating efficiencies. We also want to generate and focus on our cash generation and execute all of that within a disciplined capital allocation framework. I am very excited to be part of this team, and of what we are going to achieve together.

Slide 189: History | Growth, Margin & Cash

So now, just touching briefly on our financial journey to here. We set out in 2018 and 2020 to accelerate our growth. We achieved that with a CAGR of 2.6% in the four years since 2019, and that was really driven by an improved creativity offer and continued growth in media. That period includes a challenging 2023, during which our relatively higher exposure to the tech sector resulted in a drag on our top-line performance. In the same period, we have grown our margin 40 basis points to 14.8%.

Now, that does remain lower than our historic margin in the years prior to 2019, and it partly reflects the past underinvestment in our offer and in some of our back office, which we have focused on addressing in recent years. And finally, our cash generation has been mixed across the period. Between 2019 and 2021, we delivered a strong cash performance, benefiting from significant trade working capital inflows. In 2022, the unwinding of some of that working capital, and also higher cash restructuring costs weighed on our cash generation. We expect an improved performance in 2023.

Slide 190: History | Transformation – Progress vs Plan

And moving on to our transformation, at our CMD in 2020, we set out a plan to deliver £600 million of gross savings versus our 2019 cost base. We are pleased with the progress that we have made and at the end of 2023 we had delivered around £470 million of gross savings. My savings have come from three buckets. Firstly, our operating model, where we have delivered around £150 million of savings from a simpler WPP and lower travel costs. A further £236 million has been delivered from our category-led and global approach to procurement and also our campus strategy, which, as well as realising significant cost savings for us, has also culturally brought our agencies together. Our final area of savings, amounting to approximately £87 million, is from our back-office transformation and that is really made up of two key pillars, our enterprise IT transformation and our finance transformation, which has been centred around the consolidation of our ERPs and also our finance operating model.

We have made good progress on our enterprise IT roadmap, including our migration to the cloud, enhancing our cybersecurity and really investing in our digital workplace. Growth savings have been delivered from offshoring with approximately 25% of our IT colleagues today, located in IT centres of excellence, and from our cloud migration.

We have also made progress on our ERP consolidation. Now, given where we started and the fragmented nature of our organisation, this is a complex programme and it is taking longer than we had originally anticipated. We are encouraged by the business benefits that we are starting to realise from the deployment of Workday in North America. These include efficiencies from improved and more systemized staff planning and utilisation, and we have also seen improved working capital management as a result of better and more timely data, integrated systems and standardised processes.

We have evolved our ERP roadmap to reflect some of the learnings from the past few years and we now expect the bulk of our ERP consolidation to be completed by 2026, with restructuring costs reducing accordingly.

Alongside our ERP consolidation, we have continued to build out our finance shared services and around 25% of our finance colleagues are now based in a shared service centre.

Slide 191: History | Transformation – Margin Bridge

And just to wrap up on our journey to here, I have included a margin bridge from 2019 to 2023 expected headline margin. Now, the first three blocks reflect the gross savings I have just shared, and some of these savings have been reinvested back into our business with investment in our talent, most notably in our creative and our capabilities talent, and in rebuilding our incentive pool from 2.7% in 2019 to 3.2% of net sales in 2023. We have also invested across both our client tech, including WPP Open, AI and Choreograph, which of course you have all seen today, and in our enterprise it to address some of that historic underinvestment.

Slide 192: Our Financial Framework

And now moving on to a medium-term financial framework which is really built around four key pillars.

The first is accelerating our organic growth through scale and through innovation, and alongside that we will seek to deliver this growth more profitably from simplification and efficiencies. We are also setting out to deliver consistent and stronger cash generation. And finally, we will execute within a disciplined capital allocation framework.

Slide 193: Medium-Term Financial Targets

We expect the output of all of that in the medium term to be at least 3% plus organic growth, 16-17% headline operating margin and at least 85% operating cash conversion. We will maintain our average net debt-to-EBITDA target ratio at 1.5 to 1.75 times.

Slide 195: Accelerating Growth | Our Scaled Growth Platform

And starting with our growth plans, in the four years to 2023, our compound annual growth rate was 2.6%. We are increasing our target growth rate across the medium-term to at least 3%. We are guiding for growth from our integrated creative agencies to accelerate from 0.5% CAGR over the last four years to at least 2% across the medium term. This reflects what we expect to be a more challenging year in 2024 for the reasons I have already outlined, with growth accelerating in the outer years of the forecast period. And for Media, which has grown at 5.3% over the last four years, we expect continued growth at that level or better. And finally, across our PR and our Specialist agencies, we are guiding to growth of at least 4% and at least 2% respectively, which is consistent with the historic levels we have delivered.

Slide 196: Accelerating Growth | Creative GIA

In today's presentations, you have really seen the strength of our creative agency capabilities across brand, across customer experience, commerce and production, and how all of that translates into creating significant value for our clients. You have seen how the powerful combination of those capabilities are underpinned by our world-class leading creative talent and amplified by technology and AI tools, all delivered through WPP Open.

With three differentiated creative agency brands, we have a simpler go-to-market proposition that offers clients scaled end-to-end solutions. Alongside this, our addressable market for both our creative and production agencies continues to grow, and there is significant headroom within across our top 50 clients.

If we look across our creative agencies, VML will benefit from revenue synergies, Ogilvy has strong momentum from new business, and AKQA's strong reputation across customer experience and innovation is more relevant than ever. In production, Hogarth's strong track record of growth will benefit further from its scaled AI-enabled offer, and all of that strongly underpins our target compound annual growth of above 2% over the medium term.

Slide 197: Accelerating Growth | Media GIA

Moving on to GroupM and our media proposition, GroupM has a strong track record benefiting from its global scale and its powerful and proprietary media platform. Scale is critical in media, and combining that with our industry-leading talent, data capabilities and technology augmented by AI means that we are confident GroupM can offer all of our clients the best return on their marketing investment across a fast, ever-changing and a more complex landscape.

GroupM's simpler structure and its unified global platform will enhance our go-to-market proposition and help drive stronger new business conversion. Recent global wins at PayPal and Alliance and our win with Nestle in Europe, all contribute to delivering on our long-term ambition to lead in every major media market. We also see opportunities to accelerate growth across commerce, influencer channels and consulting. And if we bring both our media and creative together, we are really excited by the opportunity to capture growth from both existing and new clients. More and more, these clients are seeking integrated solutions and scaled solutions, which is something we are already delivering globally for some of the world's largest brands.

Slide 198: Accelerating Growth | PR

And finally, that takes me to PR companies are facing an increasingly complex media landscape in which managing corporate reputation across varied groups of stakeholders has become more difficult and more complex. This has increased the value that our PR agencies are offering to their clients. Burson brings together BCW and Hilla Nilton to create a top-three global PR company with leading positions in critical markets and across global practises, equipping it to better serve its clients.

FGS Global, which itself was created from the consolidation of several specialist financial PR agencies, will continue to build on its strong growth as it further leverages its global leadership.

We are confident that our PR agencies can deliver growth approaching mid-single digits over the medium term, benefiting from enhanced scale client demand and access to the world's largest brands through WPP.

Slide 199: Accelerating Growth | Top 5 Markets

And further underpinning this growth is our unrivalled geographic footprint with strong representation across the largest developing and developing markets. In the US, cuts in client tech spend and weaker new business performance has impacted our growth. The actions we

are taking at VML and GroupM will strengthen the position of those agencies in the US, not least through greater scale and consolidated capabilities. Ogilvy has built strong momentum in the US over the past 12-18 months, with this investment in creative talent paying off with strong new business wins.

If we turn to China, it is one of the largest and the most digital advertising markets in the world and we work with both international and local clients in that market. We expect the drag on top-line growth in recent years to stabilise in the near term and accelerate growth in that market over the medium term.

We expect continued strong growth across the UK and India and we have a very strong footprint as well in other fast-growing markets including Brazil, which is a top-ten market for us.

Slide 200: Accelerating Growth | Diversified Client Base

As well as our diversified geographic footprint, we have a strong and attractive representation across client sectors which offer us further growth opportunities. Our largest sector, CPG, has seen strong growth benefiting from CPG clients' commitments to investing behind their brands, and we expect that to continue.

We consider our strength in and our exposure to the technology sector to be an asset for us. Over the medium-term, we expect to see a rebound in spend from our tech clients driven by their investment in AI products and services. And our third-largest sector, health, will see an impact in the near-term from the loss of the Pfizer creative business. However, we see an opportunity to expand our presence across this sector and will continue to leverage key assets including CMI Media which is partnered to many of the world's largest pharma and healthcare companies.

We will also seek to take more of our fair share in sectors where we have a smaller footprint today and that includes financial services and telecoms, where we have won large new clients in the past year.

Slide 202: Medium-Term Financial Plan

And now moving on to share how we are going to deliver that growth more profitably. We believe that over the medium term our business can and should operate within a margin range of 16-17%. The strategic actions we are taking to deliver structural cost savings will underpin margin expansion and we have identified further efficiency opportunities which we will use to continue to invest in our business and support delivery of our medium-term margin target of 16-17%. We expect accelerated margin progression in 2024 and 2025 with further improvements from 2026, and I will share how we plan to achieve this.

Slide 203: More Profitable Growth | Margin Levers

Now, there are two key areas of savings. The first is structural savings from the strategic initiatives we have announced. The mergers of VML, Y&R and Wunderman Thompson to create VML and of BCW and Hill & Knowlton to create Burson and of course, the simplification of GroupM. The second bucket of savings is from efficiencies across both our back office and our front office commercial delivery.

Slide 204: More Profitable Growth | Structural Savings

Now let me dig a little bit deeper into how we will deliver the structural savings VML and GroupM plans, as you have heard today, are already well underway and have been executed. For VML, we expect around £50 million of savings delivered from realising cost synergies across global and regional headquarters, finance and HR simplification, leveraging global production and tech hubs and other areas including real estate. GroupM savings will come from the removal of duplication and overhead across our three media agencies and GroupM.

This will enable us to consolidate our back-office teams in markets, remove duplication where it exists in the front office and unlock efficiencies from a common tech platform and product and data management. We expect the simplification of GroupM to deliver annualised net savings of around £60 million. Now, Burson's plans are at an earlier stage, but we are confident that we can deliver cost savings from combining BCW and Hill & Knowlton's back-office infrastructure in each market, and also streamlining the front office, at the same time as scaling and enhancing our global practises.

In total, we are estimating net savings of around £125 million from all of these actions, with 40-50% of this realised in 2024. It is our intention that the majority of cash restructuring costs associated with these initiatives will be incurred in 2024, and we estimate the 2024 charge from those to be around £125 million.

Slide 205: More Profitable Growth | Back Office Efficiency

And turning to the back office, now the structural initiatives we are taking will reduce the cost of our back office across VML, across GroupM and BCW, but we see further opportunities for efficiencies across our finance and our IT functions in particular. These will come from continued progress against our enterprise IT roadmap, and we will also deliver benefits from our workforce optimization across finance and IT, to ensure that we have the right people in the right place doing the right activities.

And this is all supported by a continuous improvement programme which is focused on process optimization, automation and further systems integration. AI tools will augment and accelerate our efforts, and we are already using AI in parts of our back office today, including automation of coding across our cybersecurity operations and adoption of tools including Microsoft Copilot and Power platform to really improve our productivity.

In addition to finance and IT, we will deliver further savings from our category-led approach to procurement and also from our campus consolidation. We are now targeting 47 campuses by 2025, which is a lower level than our original target and really reflects our adaption to the evolving needs of the business. Overall, we are targeting at least £75 million of efficiency savings from our back office over the medium term.

Slide 206: More Profitable Growth | Commercial Delivery

And moving on now to our front office commercial delivery. There has an opportunity for us to execute the great work that we do even more effectively. This will partly be enabled by the investment we have already made, better systems and better tools in our data and from the application of AI. With WPP, open and AI, we are already benefiting from faster ideation, reduction in time spent on non-revenue generating tasks and significantly faster deployment times. We will also deliver efficiencies from scaling up our global delivery centres or GDCs as we call them, which today are home to approximately 10,000 of our employees. The GDCs

support delivery across CX, technology, media, commerce, content and production and we see an opportunity to scale these further in the next three years, increasing the number of offshore colleagues by at least 50%.

We are prioritising moving up the value chain in our production capabilities, scaling our content capabilities and building on our already strong technology and engineering offshore talent.

We will also continue to optimise our resource utilisation, reducing non-billable time and benefiting from systemized management of our freelancers. I spoke earlier about some of the benefits that we are seeing from Workday and that is giving us the foundations to bring AI enablement to our resource management and our staff planning, and this is something which Satalia is working in partnership with VML to unlock. Overall, we are targeting at least £100 million of efficiency savings over the medium term.

Slide 207: More Profitable Growth

Balancing margin progression and investment

And bringing all of that together, we expect our margin to grow 20-40 basis points in 2024 and that is benefiting from part realisation of the structural cost savings which we anticipate will be partially offset by an increased incentive cost as a percent of net sales in 2024. Now beyond 2024, we expect to realise further structural and efficiency savings and greater operating leverage as our top-line grows towards our medium-term target. Some of these savings will support continued investment in our business, prioritising our industry-leading capabilities including AI, Choreograph, and WPP Open. Our plans include annual cash investment of around £250 million in proprietary technology to support our AI and data strategy. Taking all of this together, we are confident we can both deliver our medium-term margin target of 16-17% and invest in our business to accelerate our growth.

Slide 209: Stronger Cash Generation

And now moving on to our cash generation. The fundamentals of our business mean that we can deliver consistent and stronger cash generation and we are introducing a target for 85% or higher our conversion of headline operating profit into operating cash flow. Using this metric will enable us to set specific targets for each of our agency businesses and to show that we have the right focus on this. We are introducing a cash element to the profit metric on which our annual incentives are based from this year onwards.

Free cash flow, which includes cash, interest and tax, remains an important metric for us, and we will continue to seek to drive improvement in that metric, over time. We have included a slide in the appendix which provides greater detail on each of these metrics.

Now, across both, operating in free cash flow, we expect to see an improved year-on-year performance in 2023, but there is more to go for here. Improvement in our cash generation will be supported by more profitable growth and annual CAPEX normalising to around £200 million from 2025, which compares to an average of £280 million between 2019 and 2023. We will, of course, continue to focus on tight working capital management and reducing our restructuring costs, both of which I will talk more to in a moment. And partially offsetting some of these benefits for free cash flow will be expected higher cash interest and higher cash tax charges.

Slide 210: Stronger Cash Generation | Working Capital

And so, digging a bit deeper into working capital now, since 2019, we have delivered in aggregate an improvement in working capital of over £1 billion, all driven by trade working capital with some offset from outflows across our non-trade working capital. These fluctuations in non-trade working capital have been driven by variability in our annual incentives, our campus funding structures, increases in prepaid contracts and taxes relating to our media billings. Our working capital management is a key focus area for us, and for 2024, we are targeting flat total working capital.

Stronger Cash Generation | Cash Restructuring Costs

And finally, our cash restructuring costs have been elevated in recent years, driven by costs associated with our transformation. In 2024, we expect restructuring costs to be around £285 million, reflecting costs associated with the VML and Burson mergers and GroupM simplification. Other cash restructuring costs relating to our ERP and our IT programmes, as well as property-related costs, are expected to reduce from around £190 million in 2023 to around £160 million. And from 2025, we expect restructuring costs to reduce significantly to less than £30 million in 2027. And those £30 million of costs will relate to legacy leases, which we have impaired, and they will reduce as these properties are either subleased or the lease ends.

Slide 213: Disciplined Capital Allocation

That takes us to our capital allocation framework. We will continue to adopt a consistent and a disciplined approach to our capital allocation. Our first priority is continuing to invest to drive organic growth in our business, particularly in the areas that we have shared today, technology, AI and in our talent. We will also follow a progressive dividend policy which targets a 40% payout of headline EPS. To complement our organic investment, we will invest in targeted M&A opportunities that strengthen and accelerate our capabilities in high-growth areas, and I will come back to that in a moment. And finally, where we have excess cash, we will return it to shareholders, as we have demonstrated in recent years. We are focused on maintaining our investment-grade balance sheet and a target leverage ratio of 1.5 to 1.75 times our average net debt, which excludes lease liabilities to headline EBITDA. As expected, we will have finished 2023 slightly above the upper end of that range, but we do expect to move back within the range in 2024.

Slide 214: Disciplined Capital Allocation | M&A Track Record

And finally, on capital allocation, I just wanted to spend a little time on our approach to M&A and our track record. Our industry is dynamic and it is constantly evolving, and we believe this creates opportunities to add value through targeted M&A.

When we look back over the last four years, we are pleased with the impact that our M&A activity has had on our business. We have bought many great businesses that have enhanced our existing capabilities, and we have been able to fund that M&A investment from recycling a small proportion of the proceeds that we realised from our many disposals since 2018.

Acquisitions made between 2000 and 2023 are expected to be accretive to growth and margin in 2024, and they are on track to exceed our cost of capital and add shareholder value over time. We focus our M&A on businesses that build on and accelerate our existing capabilities

and therefore our ability to grow, to retain and also to win new business, with Satalia the obvious name to call out here as a particularly successful acquisition for us.

WPP | The Investment Case

To wrap up, we are very confident in our medium-term financial plan and in our ability to deliver strong and sustained shareholder value. We have a very strong foundation to accelerate growth and returns with an unrivalled global reach and scale. Today, we have the number one media agency globally, the number one creative agency globally, the number one production agency globally, and leading specialist PR agencies. We operate in an attractive and a growing addressable market and we have deep client relationships across diverse and growing sectors.

As we have brought to life for you today, hopefully, we have been investing in our AI and our technology platform, and we have been deploying this extensively across our business. We are very excited by the opportunity this presents, both in terms of growth and in terms of productivity. We have a strong financial foundation which we are confident that we can continue to strengthen. And finally, we attract and we retain world-leading talent, talent that is ambitious for the future and focused on creating value for all of our stakeholders.

And so with that, we will hear from Laurent, our chief marketing officer, who will be joined by a very special guest.

Ambitious for The Future: A Client Perspective

Laurent Ezekiel, Chief Marketing & Growth Officer, WPP and CEO, WPP Open X
Manolo Arroyo, CMO, The Coca-Cola Company

WPP Open X

Ambitious for the future: a client perspective

Laurent Ezekiel: Good afternoon, I am Laurent Ezekiel. At the end of 2021, actually on the eighth of November at 2 o'clock, I remember it well, WPP was appointed Global Network Marketing Partner by the Coca-Cola Company in what remains the biggest ever industry pitch. I am still recovering. As a result, we created WPP Open X, a bespoke, ambitious agency model that was integrated at its core and unprecedented in scale. In fact, our work spans 200 brands across 195 markets with over 5,000 people from the agencies that you have heard from today as part of the team.

So I am delighted to welcome to the stage my friend, my partner who built this with us, Manola Arroyo. Please put your hands together for Manola. Thank you.

Thanks for joining us, Manolo.

Manolo Arroyo: Thank you.

Laurent Ezekiel: We are here to talk about being ambitious for the future. You made an ambitious decision a couple of years ago, why WPP?

Manolo Arroyo: So thank you, Laurent and Mark, for inviting me over to share our amazing journey together and why we selected WPP. Brief context we were coming from a place where we had more than 7,000 agencies working in 212 countries around the world. There are only 189 registered in the United Nations, for those of you that are curious. And we realised very

quickly that the name of the game was about integration, and it was about bringing together something that the whole industry has been trying for more than 20 years, but has not been able to do that, which was the power of connecting creativity with media, with experiences, with innovation, underpinned by the power of data and tech.

And it was very clearly through that capability assessment process, not a pitch, and only 170 video conferences in the middle of a pandemic, and we very clearly understood that WPP was at a whole different level. And it was not only because of scale and it was not only because of their ability to integrate those complex disciplines. I would add two components that make a big difference for Coca-Cola to make that decision. One was the notion of open, and it is the fact that you gotta realise that ideas come and should come from anywhere. And WPP was by far the most open network to bring together not only those capabilities but others that might be in a different place. And that is where the partnerships with OpenAI, Nvidia, Microsoft, Adobe play a significant role. It was very important for us.

I think ultimately in this whole world of marketing, you talk about the importance of brand perception. And it might surprise you, but after more than 30 years in the Coca-Cola system, I do not believe any more that much. We do not believe it anymore any more in the power of perceptions. We believe in the power of behaviour. And I think WPP and Mark, particularly, better than anyone else in the industry, understood that we were driving a transformation driven by data and by facts, and that metrics matter.

And we decided to move from a perception metric to a behavioural metric driven by number of humans, number of people drinking our products, really drinking, not saying something and doing something different. And I think what Mark said, at some point, your target, your objective, your KPI, your metric, it will be my metric. That really swings significantly the decision.

Laurent Ezekiel: So if we pick up on the metric, which is big part of your marketing transformation, Manolo, is to drive that metric. Talk a little bit about the last two years and how we have accelerated your transformation as WPP.

Manolo Arroyo: The results for us are unquestionable. If you read our latest company financial statements and reports in the second or third quarter of the year, very close to the full-year results soon, marketing is again the driving force, the engine of the growth for Coca-Cola. And through the partnership of WPP, their support has been instrumental to help us move that metric that we know drives our top-line.

In CPG, two-thirds of the value creation comes through top-line, one-third through the cost structure. So ensuring that that top-line is always there, it makes a big difference. We have seen that in an accelerated way since we started the partnership. We were for years struggling to move the needle. We are growing through more frequency and pricing, but not necessarily increasing our consumer base around the world. Might be a coincidence. I do not believe in coincidence or luck, but 2022 was a great year. We obviously do not disclose those numbers for confidentiality, but we did increase significantly our consumer base in 2022, and that has increased even over and above in 2023.

However, I think more importantly, one of the biggest challenges for a client is that notion of integration. On one side, we want, I want in Coca-Cola, the benefit of the wonderful 200 agencies and 12 different networks within WPP. However, I do not want to deal with bringing

all of that together. That is the role where Laurent and the Open X model is showing for us, that underpinned by technology and data, you can accelerate on real-time the delivery and the integration of those critical capabilities.

I think that for us is what is really showing a very different way of working. It is a peer-to-peer marketing network model, where you see a symmetrical, basically, replica of how our network and the WPP network works. All of this comes to life through something we call Studio X.

Studio X is, in my own words, the Coca-Cola marketing factory. Used to be a factory that was not a physical factory. It was a process that was about TV-centric ads development. Today is a physical place that is set up in a way in a synergistic manner with our own geographical distribution in the company, symmetrical. And in a colocated physical way, you have there all the integrated capabilities that allow you to connect to culture on real-time and bring in those capabilities that are more representative of modern marketing.

Consumers today are looking for something different, and what they are looking for is not any more TV ads, as you know. It requires a whole set of capabilities around social influencers, experiences, live events, all underpinned by data and AI. And that is a reality for us, with close to 2,000 people on those Studio X today, working for Coca-Cola.

Laurent Ezekiel: Just want to go back and confirm it. The results are not a coincidence. It is a lot of hard work. Manolo, if I could take it to the industry at large a bit, so broaden from our partnership. It has been a two-year journey, it is been a lot of work. There have been bumps along the road, of course. What would you say to companies considering a similar approach?

Manolo Arroyo: I think we are just repeating the obvious. One, the consumer, particularly Gen Z consumer is very, very different. The old marketing solutions are not relevant any longer. The name of the game is about integration and the name of the game is about simplicity. So my question to any of the other client would be, I do not think is why would you, but actually why wouldn't you go for a model like this? I cannot think of a different model. I am convinced this is the model of the future of marketing, not only for Coca-Cola but definitely for the rest of the CPG industry at large.

Laurent Ezekiel: Yes, I spoke to our leadership the other day and I said the same, how could you not at this scale do this? It is interesting when you look at it like that. We spoke this morning and earlier today, Rob spoke about some of the work and the agencies have covered their work. At the end of the day this comes together in the work that we do that our consumers see that drive the results that you mentioned. So I am going to ask you to talk about your favourite work in the last year, a couple of pieces of work that you have enjoyed. And we discussed it a little bit beforehand, but tell us about that, the work itself.

Manolo Arroyo: I think there has a lot of great work by the way, not only acknowledging by myself but everyone at the Coca-Cola Company, our bottling partners around the world really talking about it, the difference that marketing and the partnership with WPP is making for our whole enterprise. However, there are, I would say two that I want to share with the audience.

One is our Christmas campaign. As you can imagine, after decades and decades and decades of Santas and polar bears, are you sure that doing the same is going to drive different results? You have got to do really something very different. And I think what WPP developed for us

was a very important platform. I think starting with the obvious, the world today is complex. There has a lot of stuff going on and a promise that is as simple as the world today needs more Santas. I found it an incredibly smart and creative way to invite to reflection.

We then brought this to life through a series of connection points, starting on digital, digital engagement, leveraging influencers, developing content through AI. Through the partnership with WPP, that create a real magic platform, which enable consumers around the world to create, to co-create with us their own interpretation of what a Christmas card should be about. Obviously, first part, data is behind all of this. And I think we saw the power just at the beginning of what AI can do and transform the whole profession.

A lot of other work done with content, particularly on Amazon Prime. And a key component of the whole programme for us is how do we bring this to life on the streets? In the past, we used to do a lot of Christmas caravans with trucks taking over various cities in different parts of the world that continue this year. However, the way we leveraged social and influencers was very, very unique. I want to call your attention of one that I am hoping has to stay in this room.

We did it in Japan, we got our first caravan with drones, 1,250 drones in the air. And you could follow the storytelling from the air, watching to the air with 25,000 Japanese in eight different cities. Love to see that happening in the top 50 cities in the world, in the planet, the same day, same hour, ideally next year. And the feedback we are getting from this campaign is just phenomenal because it did not start on a TV ad. Yes, we got a video, but it is almost like it feels like it is actually the last nice cherry on the cake, as opposed to the starting point of the whole campaign, a very different look and feel of Christmas for Coke.

The second one I want to talk about is a platform that we name 'Coca-Cola is cooking. Now, Coke is cooking', which is about the intersection for Coca-Cola to drive growth as a quick context, associating Coca-Cola to meals it is a clear winner. It is an occasion in which every human normally drinks something. And the taste marriage between coke and a lot of food goes particularly well, depending obviously, on the food. And we have been doing this for years, more in some parts of the world than others. However, we see meals as a consumption occasion. However, it is also true that at the same time, it is a huge passion for a lot of people.

And then we brought in the power of music, arguably the number one passion point for consumers around the world, particularly Gen Z. So you have an intersection between consumption occasions, passion points like cooking, food and music, all coming together. And what this is about is a social influencer-led programme where you bring hundreds of thousands of people into street festivals. So those of you that, like I have been a few times in the Oktoberfest in Munich, think about a similar type of approach. However, 200,000, 300,000, 400,000 people in the streets of India. Many cities in Africa, Asia, run 35 cities across the world last year.

For 2024, we are going to go more than 60 at this point. And we are connecting and we are bringing into the streets thousands of consumers, all our customers of restaurants, fast food, home food delivery partners, all under one ecosystem that brings a party celebration. That connects that ecosystem of data and digital influences with experiencing what we sell, which

is a soft drink on the streets, also yielding phenomenal results. Some cities before and after the event, triple-digit-growth on brand Coca-Cola.

It is not a new product. This is 140-year-old brand, triple-digit in pretty much every city that we have been activating this programme across the world.

Laurent Ezekiel: Thank you. Thanks. And thank you, Manolo, for joining us today, for sharing the story. Just in closing, it is an amazing partnership, just on a human level, I may make you blush. There has a lot that we put in PowerPoint. There were many meetings during the pitch, a couple of ingredients you cannot put on PowerPoint, and one is ambition and leadership, and Manolo here has that in spades. So it is a great partnership. Thanks for joining us today.

Manolo Arroyo: Thank you. Thank you.

Q&A

Mark Read: All right. Manolo hanks. Thanks so much. And we really appreciate you coming over for this. So I think we've got about 40 minutes for questions. I think if I could ask you : - two questions each, not three like the calls. And we start sort of we start at the front and work back and maybe. If we can, it's not going to stop you I know, but if we can, I would deal with 2023 and 2024 as much as we can on the call in three or four weeks' time when you have all of the detail, but I'm sure we'll deal with that. So why don't we start, Tom question there.

Tom Singlehurst (Citi): Tom from Citi, thank you very much for taking the question and for the whole afternoon. It has been great. Right at the beginning of the presentation, Mark, you talked about the sort of the Internet age moving into the AI age, and I suppose one of the striking things for WPP is the Internet age did not really herald a massive change in the service model. I am interested whether you can offer some perspectives on whether the shift to an AI model, what that means in terms of outcome-based revenue and sort of scalability for the longer term? And then maybe one for Joanne. You talked about the growth rates for the different components of the business. Creativity is obviously central to what you do, so you can wear that 2% plus growth and just accept that that is what you are going to do. The specialist agencies, can you talk about what they bring to the broader Group that justifies keeping them in the portfolio with that slower growth rate?

Mark Read: So I think actually the digital revenue changed more than you think. And I would say, our media businesses adapted very well, maybe because they managed the budget, they did TV, they did digital, and they were good and invested and did that well. I think our creative agencies struggled a bit, and one of the things we had to do was integrate them. And that integration, I think, gave them broader skills and enabled them to get back to growth. We were looking at it ahead of this meeting. We think around 25-26% of our business is non-FTE-related today if you look across our media business, our production business and more broadly. So we have made quite a lot of progress moving away from FTE-based .

And I would say that the decisions we have made to further simplify the organisation was in part driven by a decision to have a simpler business dealing with AI. Both Hill & Knowlton and BSW were great businesses, but I think we realised we did not want two groups of people

trying to solve the AI problem themselves. So I think part of the rationalisation that we have gone through is a little bit about equipping the company organizationally to deal with AI.

You are right, it is going to require further changes. If I look at WPP, half the jobs did not exist 20 years ago. We did not have search engine managers, social media managers, influencers, programmatic media specialists, e-commerce experts. So there has, I think, been a tremendous amount of change, and I think we are well equipped, as we talked about, to manage that change.

Joanne Wilson: Yes. So just on specialist agencies, the historic CAGR that we shared has been impacted a little bit by 2023, where some of our specialist agencies had a particularly tough year. And a lot of those agencies are focused really on some of the more project-related work. Iconmobile for example is also focused the auto and the tech sector, and that was impacted this year. So the historical growth is a little bit impacted by that. However, in terms of what we see, the specialist agencies, some fantastic businesses in there, I referred to one today. CMI Healthcare sits within specialist agencies and it is growing at double-digits and is a great business. And they are overseeing a portfolio of businesses that we really grow. And then the intention would be to integrate those into one of our agencies, either the media agency, GroupM, or into one of our creative agencies or our PR agencies. And that would be the intent, that they would not stay there.

We are also looking across our specialist agencies as well, just to understand, as we always do, whether or not there are opportunities in there to perhaps realise some value from some of the assets that we hold within specialist agencies, but they are less than 10% of our overall revenue today.

Lisa Yang (Goldman Sachs): Thank you very much for the presentation, the opportunity. My first question is a bit of a follow-up to Tom's. I am just wondering, you have shown a lot of great use cases of gen-AI today, talked a lot about efficiencies that it brings. So I am just wondering, how do you see the adoption of gen-AI impacting your pricing, the volume of work over time? Are you able to basically keep some of the efficiency gains to yourself, or do you think over time you have to pass that on to your customers? So basically, how would you quantify the margin benefit from basically use of gen-AI over time? And the second question is really to the £250 million annual investments in gen-AI. Could you maybe just help us contextualise how does that compare to what you have been spending in recent years? How much of that is incremental? And maybe break it down between OPEX, CAPEX technologies versus content versus people? Thank you.

Mark Read: Okay, so when I start the first question, and Joanne can finish it and then talk about the investment.

I think AI is going to impact the top-line and the bottom line. I would say as we talked about the parts of our business that have been most impacted by technology so far in our media business, our production business ironically employ more people than they ever did to manage the technology. I think the analogy to the trading floors in your organisation is not totally dissimilar. Technology creates as many jobs as it changes or destroys or alters.

I would say that if we look at parts of our business, we see clear opportunities to sell incremental AI services. We see the ability, through the power of what we have done, to improve our win rate and gain share. And then production, which is probably the biggest

challenge our clients face, we are going to tackle that problem. I think clients would love to produce 1,000 more assets at a thousandth of the cost. And I think if you look at other industries that have been impacted by technology, look at the movie industry, as AI has reduced the cost of special effects, the cost of making movies has increased, have invested more back in quality. And I think that AI is going to enable much more personalization, much volume of creative work. So I do not think it will necessarily be sort of value destructive or value destroying. It will just enable different pricing models.

The PDP generator that Stephan showed you earlier, we are charging per PDP and we share some of the benefit with our clients and we keep some of it ourselves.

Joanne Wilson: And just to build on that before I get onto the investment, I think what is really exciting for us is the flexibility it is going to give us around different commercial models. A good proportion of our business today is performance-based. We see opportunities to do more of that. We talked about some of the benefits that we are already seeing from WPP Open and AI, and that is faster ideation, faster deployments for clients. That frees up our creative team's time to do more revenue generating work, which will be accretive to margin. But really the more exciting thing is what it can do for the top-line from a commercial point of view.

You touched on it as well in the front office and how we deliver for clients, the opportunity for us to use AI, and Satalia in particular to really optimise better resource management. And that is something that Daniel and the team are partnering with VML on. So there are definitely opportunities as well on the front office to reduce costs.

And then of course on the back office it is still very early days, and we have a big back office programme ongoing. We are doing things say, like automating coding, which is helping our back office teams do more quicker, unpick lots of our data quicker than we would do manually. So lots of opportunities for us to be more productive.

We have not built significant savings into our plan for this, so see it as underpinning the plan.

And then on the £250 million. So this is not incremental. So about 80-90% of it is OPEX and the rest is CAPEX. And we have been increasing our investment, as you would expect us to be doing in the area of our proprietary technology and AI and our data over the last couple of years. So every year we have been increasing that. And in the plans for 2024, that 20-40 basis point margin improvement that I talked to, we have assumed a further increase in that this year. And that is really, as we talked about our technology and our AI, you have already seen today that we have brought to life. We have been investing, and you can see that investment starting to pay back for us.

Julien Roch (Barclays Capital): Julien Roch Barclays. Thank you very much for all those presentations. The first question is, what does medium-term mean for margin? Is it three, five, seven years? Or should we take the 2024 increase of 20-40 basis point and say that is kind of the cruising altitude, and therefore you get to 16 in 2027? That is the first question. Then on cash flow, you have been very clear on restructuring cost. You also said neutral working capital in 2024. So is that the cruising altitude going forward, i.e. are you working capital neutral after 2024? And then several times you mentioned higher interest and taxes. Can we get some colour on that?

Joanne Wilson: Yes. So it sounds like you want me to give you 2025 guidance, which I cannot do, but let me talk to you about some of the levers. So, in terms of medium-term, typically, I think we would think about medium-term as three to five years. And let me just help you understand how we are thinking about that margin acceleration.

So we talked about the £125 million savings, most of that coming through by 2025, from the three strategic actions that we have taken. And that will really change the cost base of our business. And I do not need to tell you that, but £125 million equates to roughly 100 basis points of margin. Now, I also talked to other ups and downs in the P&L. One in 2024 will be increasing our incentive versus where we are expecting to land in 2023 and where we anticipate we might be in 2024. So that that is coming off a little bit. And some of that incremental investment I talked about, we are using gross savings from all of the good work that Christian and the team are doing on GroupM to fund some of that incremental investment, but the £125 million is net.

So in terms of, should you just take the 20-40 and apply that each year, I am expecting that we will see an acceleration in 2024 and 2025 on our margin improvement, but then improvements from 2026 as well.

If I talk about the other two buckets of opportunity that we have in margin, so efficiencies, back office and front office. Some of the back office, we are already delivering through the IT programme, procurement, real estate that we have been doing for the last three years. We are actually ahead of plan on some of that stuff. And finance, we are starting to see some savings this year, but again, I would expect those to be higher in the outer years.

And then on the commercial delivery, the utilisation and systemization of freelancers, we are already delivering savings in 2023 from that. I expect more in 2024. GDCs, we have established GDCs today. We want to ramp that up. I would expect those savings to be more skewed to 2025-26.

Hopefully that helps give you confidence in terms of us delivering the 16-17 and how we think about some of those levers to get there. I mean, the final one, Julien, is of course the operating leverage that I had in the waterfall chart as well. And as we get towards our medium-term growth target, that of course will give us greater operating leverage through the business. So the way to think about it really is the operating leverage that will come through and then realisation of those savings that I have shared.

And then on cash flow. What was your question on cash flow?

Julien Roch: The first one is on working capital maturing in 2024, 2025, 2026, 2027 and then [inaudible].

Joanne Wilson: Yes. So on the working capital. So we have trade, non-trade, and we will share more where we out-turned in 2023, but we have seen certainly an improved position from where we were in 2022.

On 2024, we have said that our total working capital would be flat. We have a benefit in non-trade from an inflow from one of our campus funding structures. So that will be about £90 million. So that is a benefit in 2024. And as we go forward beyond 2024, the things that impact non-trade are really variability of incentives. So as our incentive grows, that becomes a bit of a drag. I would expect that campus funding structure to fall away. I would expect the

prepaid contracts we have seen fall away. And there will be a little bit of a headwind from tax on media billings and non-trade.

On our trade working capital, I am really pleased with the focus across commercial and finance this year on trade working capital. We will continue that with the incentives this year. As Christian said, we have over \$60 billion of billings, so \$100 million either way is not significant when you think about those billings. However, we will focus on trying to hold our trade working capital flat.

Mark Read: All right, next. And you can, by the way, the team are all here so Joanne and I don't need to answer every question. We'll work back in the middle to Steve and then Adam afterwards.

Steve Liechti (Numis): It is Steve Liechti from Numis, two for me. One is the 3%, I know it is plus in the medium term. Just with what you are talking about in terms of the investment you are putting in tech, AI and all the stuff, the TAM that is out there, is 3% that challenging for you as a business, and perhaps you can just talk about that a bit? And then the second question is, I do not know if anyone else saw a seminar last week where all I got was about 2.3 billion data points on individuals that were talked about, which was why that particular business was so successful. I am just wondering, in the context of the data that some of your peers are talking about, and you mentioned 300 million data points in the US, quite what you think of whether you need those sort of data points and just put some context around that. Thank you.

Mark Read: Yes, I tackled the first question quite simply. Look, 3% plus is what we think of as our commitment to you. That is what we need to deliver. And I think we would like to do better. I mean, emotionally, rationally. I sit in this presentation like you and say it should be five or more. So I think that we see a good opportunity ahead of us. However, I think at this point, what we want to say is 3% plus. We did 2.6% plus over the last four years, by the way, during which time we had COVID, a war in Ukraine, inflation, interest rates. Lots of things that have made life more difficult. So I do not think that as the business has got stronger over that period, we should not be able to do 3% plus, notwithstanding the headwinds, you have a little bit in 2024.

On the data question, I think we made clear, we think it is about how we use data in our business is what matters to our clients. I think we can serve our clients well with the data that we have. And I think we would say that AI is going to open up a whole use of sort of unstructured data that does not see it attached to an individual. Whether someone buys a tin of cat food or does not buy a tin of cat food does not necessarily help you devise brand campaigns for cat food. And I think Daniel did a very good job of explaining lots of other things are going to go involved in building these models and making things successful. And that is our view.

And I know it is a debate. We have a lot. We do have proprietary data, and as Evan and Christian both said, I think we have access to so much through our partners. And the trick is, do you have a piece of data? Can you use it and can you activate it? In many of that cases, the platforms are much more powerful owners of the data because they own both the data and the platform. And I think the way that the cookie legislation and privacy is going to go, it is going to be much harder to activate individual personal information, but we'll have to see .

I think we are comfortable with where we are and when we tell more compelling story and a more consistent story, and you see the impact of what you have seen today, I think that we will see that in what we do.

Adam. Can we do one question from now as we have 22 minutes left? So, your best question

Adam: So, this is actually a question for Christian so it puts you off the hook. I just want to talk a little bit about GroupM and scale in media. And I suppose my question is, can you say a little bit more about why scale matters in media and why you are not the fastest-growing media agency in the world, given you have the most scale, and if scale is helping you in Europe and Asia kind of keep your number one position, is that a problem for you in the US, where you are not number one? So just try and understand, where is scale helpful? Where is it not helpful? Thank you very much.

Christian Juhl: Thanks for the question. Well, it is kind of linked a little bit to your last question also, or whoever asked that last question about 2.3 billion or 300 million or whatever number. I think scale is important to a point. So it gives us all the benefits that I talked about earlier. And I think a lot of that is what you can look at in the industry and how much can we pull through? And at some point before we had AI and technology to actually process all of this, it was almost insurmountable. It was just, it felt like infinite. So scale is very, very important in terms of, if you get to the specifics, rates, just how much can you actually buy and how can you deal with volume? And obviously, the more you can do and the more you can make commitments to media publishers, the better value you can pass through to your clients. So scale being number one, number two, number three you know, we compete different levels on that, but I think you have to be top-three in order to be in any market in the world and be effective.

Two, it gives you the power to leverage that on all the different global spots that you need to be. When you saw Manolo talk about what it takes to launch, I was just thinking as he was talking about, like, am I going to get in the drone planning business? And how am I going to synchronise the buy for 82 countries in a drone air show? And what is that going to look like? But I can do it. I am probably one of the only companies in the world that can do it. And that is scale, right? So how do you execute new ideas on new platforms, all the way integrated through to creative and everything else that you need to do to prove the effectiveness of that?

I think where scale gets a little ludicrous is when you start making huge claims that I own more data than anybody else, or I own more insights than anybody else. I mean, I can pick a cookie and look at infinite amounts of data points around that cookie through the entire partner ecosystem. And I guarantee you, Google, Meta, Amazon, they have got more insights available for you about that, whatever you want to call that user ID cohort, cookie, whatever it is, than I could ever amass in my life at GroupM alone. And why would I?

That is what we do. We play in the middle. Those three connection points I talked about to begin with, my job is to understand insights about a consumer. That is why we invest heavily in user ID, in how we onboard data, how we take our consumers' data and bring that in. And we have an ample amount of data to take that, and then go activate in Google or in Meta and in these other places so that we can create the right profile to build in those environments.

And let us also not get lost in this data conversation around the fact that only half the media is digital right now. So we still have to have all that scale in other places in order to do the

television, print, out of home, everything else to make that work. And you had a second question for me, but I lost track.

Mark Read: No more questions. It is one question. All right. Next, we're going to go over there to Tim

Tim Nollen (Macquarie Securities Group): It is Tim Nolan from Macquarie. Maybe an extension of the discussion on GroupM, and it is a very broad question. I am asking it intentionally, broadly, to see what you might be able to enlighten me on. Given the depth of relationships that WPP has with publishers, with media owners, and given the depth and the breadth of the data that you have from your brand advertiser clients, and given all this discussion today about integration and simplicity, I am wondering how might the advertising value chain evolve using more AI tools over time?

Christian Juhl: When I hear you ask the question, I think, how does AI start to change the supply-side of our business and the buy-side, and what does that look like as we sit in the middle? I have always said I think technology is going to evolve to the point that we move to more of an outcomes business. And Mark talked about some 25% of our business already sits probably outside of an FTE basis. And I think part of the challenge of actually moving to an outcome-based business has been, can we isolate goals? Can we actually set campaigns with goals?

When I first came in to GroupM four or five years ago, it was surprising talking with most of our major advertisers, how few actually set media budgets against goals. You would have arbitrary budgets, we will spend £20 million on this, and £50 million on this, and this much in live sport and these kind of things. When really what we want advertisers to do is move to a world, we say, okay, how are we trying to spend to opportunity? And how do we define opportunity? And can we define opportunity in a way that you can use algorithms and AI to go optimise against it. So that will happen really fast once we get that done because it is the speed of technology. That will profoundly affect the publishing side of the business that has to sit there and say, okay, how do we make sure that we have enough inventory available that can optimise at that sort of speed.

It will affect the brand advertising side of making sure that every single brand advertiser understands how to set metrics so that you can actually then create goals against that. It will affect our side because we will start to look at, ok let us get paid on objectives and how much goal we reach, and can we get different thresholds and different tiers within that so that we get compensated differently.

Mark Read: One observation I would make, which is a slightly different response to Christian's, is one question we get asked is why do not we just go to Google or go to Meta and use their algorithms to buy the whole thing? And I think there, clients want to control their own brands. You don't want to have the Google representation of your brand on Google and the Meta representation of brand on Meta, on each platform. So I think you are going to have to have people like us, whether you call us agencies or whatever platform, I do not care what we call them, the people that help our clients manage that brand and how they express it in the right way in all of those different channels.

Laura Metayer (Morgan Stanley): Hi, Laura from Morgan Stanley. Thank you for the presentation. I have one question on WPP Open. You showed a lot of great examples about

the 'Brains' and Milka. How much of this is already up and running? And if it is not yet up and running, what is the timing for implementation, or what are the next developments to come on this platform?

Mark Read: Yes, I think it is pretty clear. Stephan said we have got 28,000 people using the platform today. Internally, we are deploying it inside two or three of our major clients that we could talk about. And elements of the platform, like the PDP generator are being activated. So I would say it is fully functioning today. It is part of our pitches and our new business presentations, and it is gradually we are adding functionality. It is really in deployment. Is there anything to add to that, Stephan?

Stephan Pretorius: I would just say, I think the ambition is obviously that ultimately we deploy Open for all our large clients globally. And I think as you saw in the model, the ability to integrate services across our various functions for clients is really appealing. So we do see it as a growth engine. We have an increased win rate and new pitches when we use Open as the foundation of the sell. And so it is a key strategy for us going forward.

Richard Kramer (Arete): Maybe this is a question for Stephan as well. AI and personalization is something we hear a lot about from Google and Meta and Amazon as well. And I guess the wider question when you think about them both as large clients of WPP and potential competitors is how do you ensure that their AI and machine learning does not simply learn from you and grab the business? Is it the client interface that defends your position? Is it something about the technology stack that you build? But how do you prevent their AI and personalization, which is obviously, as Christian said, at a greater scale from eventually taking the incremental business in the market?

Mark Read: It is a little bit the comment I made before, I do not think clients are going to want to go to Google and let their AI do all their work, represent their brand and do that personalization, because the way they personalise it will be different from the way Instagram personalises. And by the way, consumers exist on both platforms. So there will be this discongruity and clients, they not want to see a consistent approach. I do not think it is that straightforward. I think secondly, we have moved past frenemies at WPP. Thank God. These people are our partners and our clients. And actually the better they do, the better we do. Now we have to protect our clients' information. And Manolo maybe could talk to you about that afterwards. We have to protect our clients information. And actually what we need is an unfair data advantage over the platform. We need to know more about an impression than the platform knows, because we need to know our clients value it more than the platform knows.

So I think in a sense that is why it is important for us to have that data advantage. And particularly when clients have their own information, we have to deploy client information into platforms to protect it.

And then just the other question on AI, the amazing thing is these companies are making these AI products available. Not quite for free, but the cost of running Open is much less than you would imagine at the moment per query. These things are very powerful at very low cost, and that is quite empowering as well.

Mark Read: Thank you all for coming. I think just a few closing comments for me. We always get a lot of value as a leadership team from bringing these sessions together. It is a lot of

work, but I think the team get value out of doing it. I think hopefully you can see why we are optimistic and positive about the future opportunities ahead of us. The AI opportunity that we talked about, the ability to power our clients with creativity and creative transformation, and the power of the new brands we have in VML and GroupM. You analysts, investors, shareholders watching online, I hope you found it as compelling as we did. It is important to us to have supportive shareholders, important for the leadership team. So thank you for that. So thank you for that. We've got some time upstairs for questions and you can see a demo of what you want. And then thank you all to all the team over here behind the scenes, Carly and everyone that put everything together. We are proud of what we have seen and hopefully you have an insight into where we are heading and why we are positive. So thanks very much. Thanks everyone for listening.

[END OF TRANSCRIPT]