

WPP

**Nomura**

May 21, 2012



# Our Agenda Today

- Introduction (Paul Richardson – WPP Group CEO)
- VML network (Jon Cook - CEO VML)
- 24/7 Technology Platform (David Moore – CEO 24/7)
- Xaxis - the DSP enabled by 24/7 platform and technology (Brian Lesser - CEO Xaxis)





# Our Strategic Priorities

New Markets, New Media, Consumer Insight

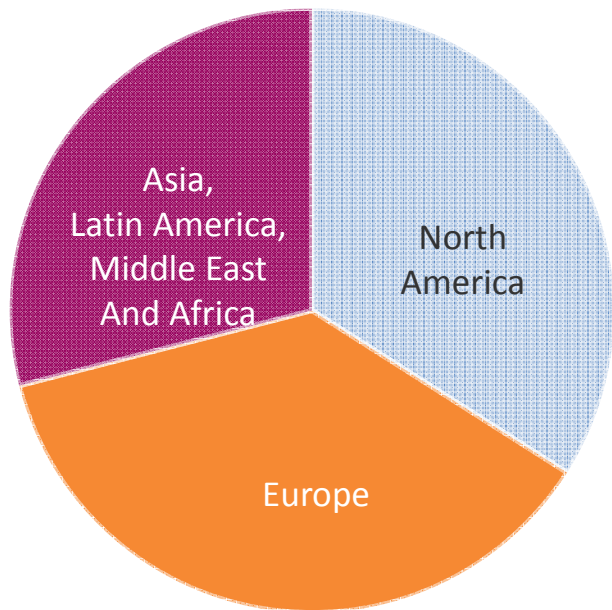
- Faster growing markets now to be over one third of total Group (35% - 40%).
- New media now to be over one third of total Group (35% - 40%).
- Consumer Insight and quantitative disciplines to be over one half with focus on digital and the application of technology



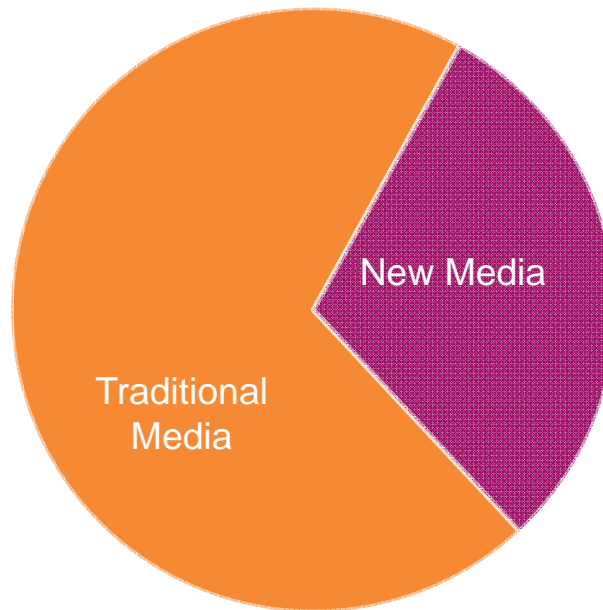
# WPP Today - Three Strategic Priorities



#1: New Markets  
Today 29%



#2: New Media  
Today 31%



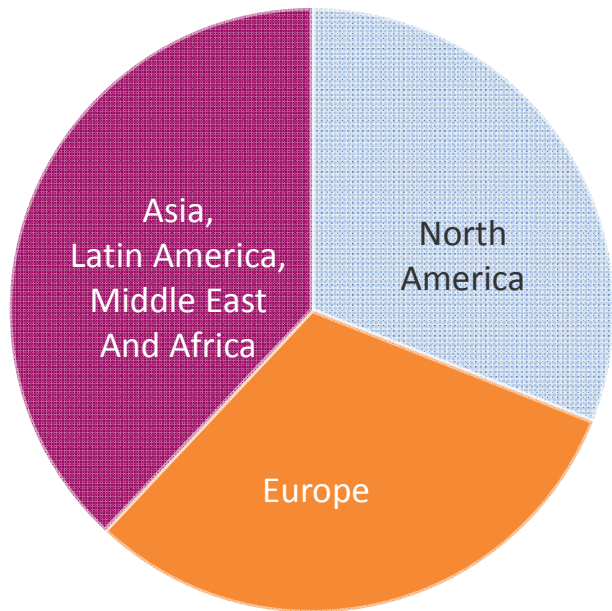
#3: Quantitative  
Today 48%



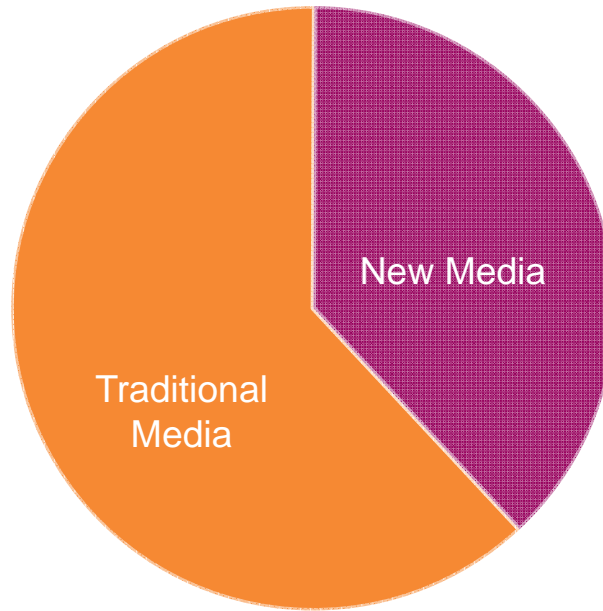
# WPP Tomorrow - Three Strategic Priorities



#1: New Markets  
Target 35% - 40%



#2: New Media  
Target 35% - 40%

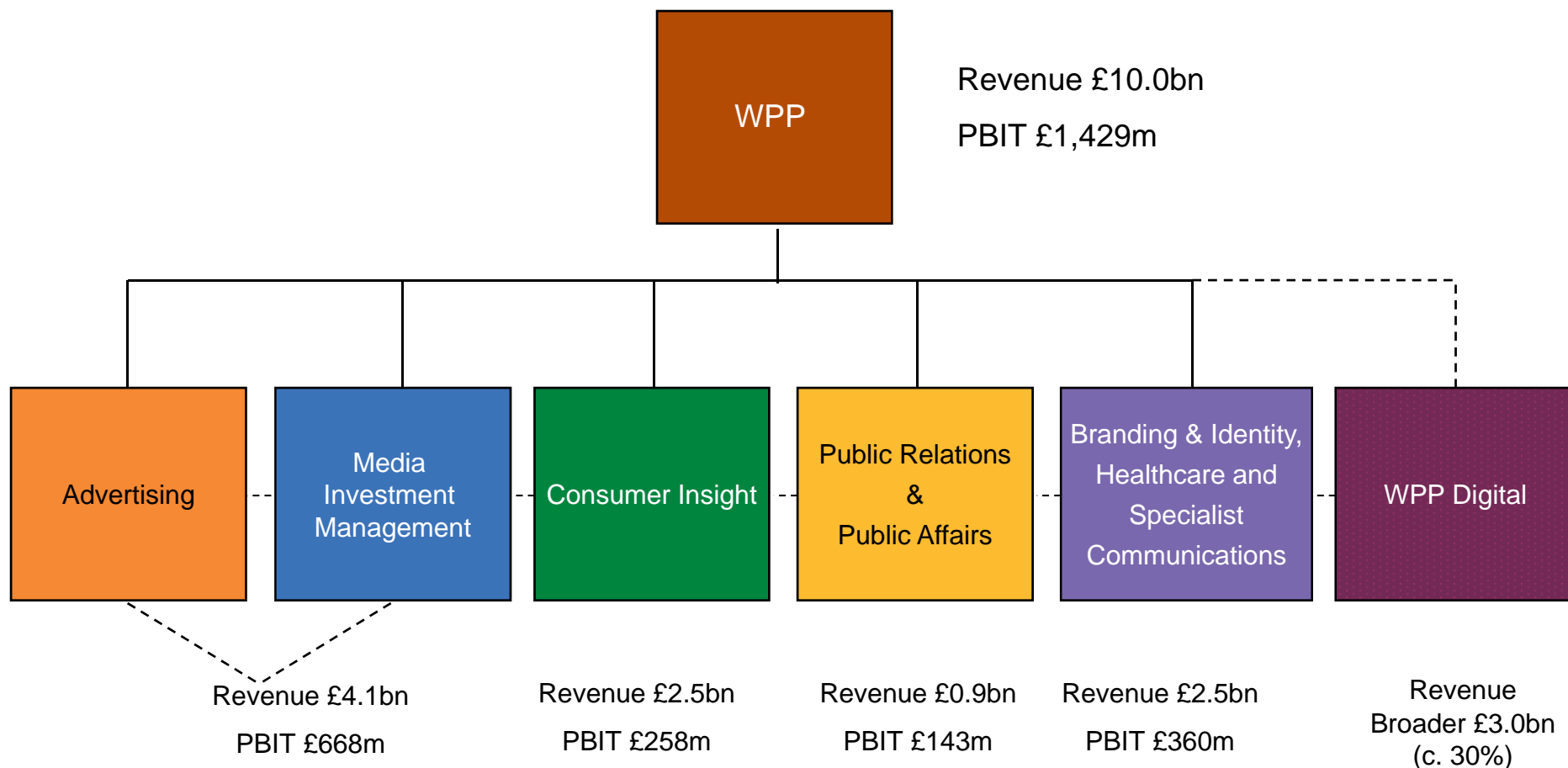


#3: Quantitative  
Target 50%





# Direct, Digital and Interactive in context



Revenue and PBIT figures are 2011 reported sterling actuals.

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



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# Direct, Digital and Interactive

## WPP Structure

	Revenue \$'m
<b>Direct, Digital and Interactive Networks (OgilvyOne, Wunderman, G2 and WPP Digital)</b>	<b>2,615</b>
% of Group revenues	17%
Specialist Direct, Digital and Interactive resources:	
- Consumer Insight (Millward Brown, TNS and Lightspeed)	1,026
- GroupM	518
- Other	615
<b>Total 2011</b>	<b>4,774</b>
% of Group revenues	30%
Total 2010 Proforma	4,384
% of Group revenues	29%





# Direct, Digital and Interactive

Major Global Networks plus other global resource

	Revenue \$'m
	950 <sup>1</sup>
	900 <sup>1</sup>
	300 <sup>1</sup>
  	300 <sup>1,2</sup>
	100 <sup>1</sup>
	125 <sup>1</sup>

<sup>1</sup> In WPP Direct, Digital and Interactive Networks

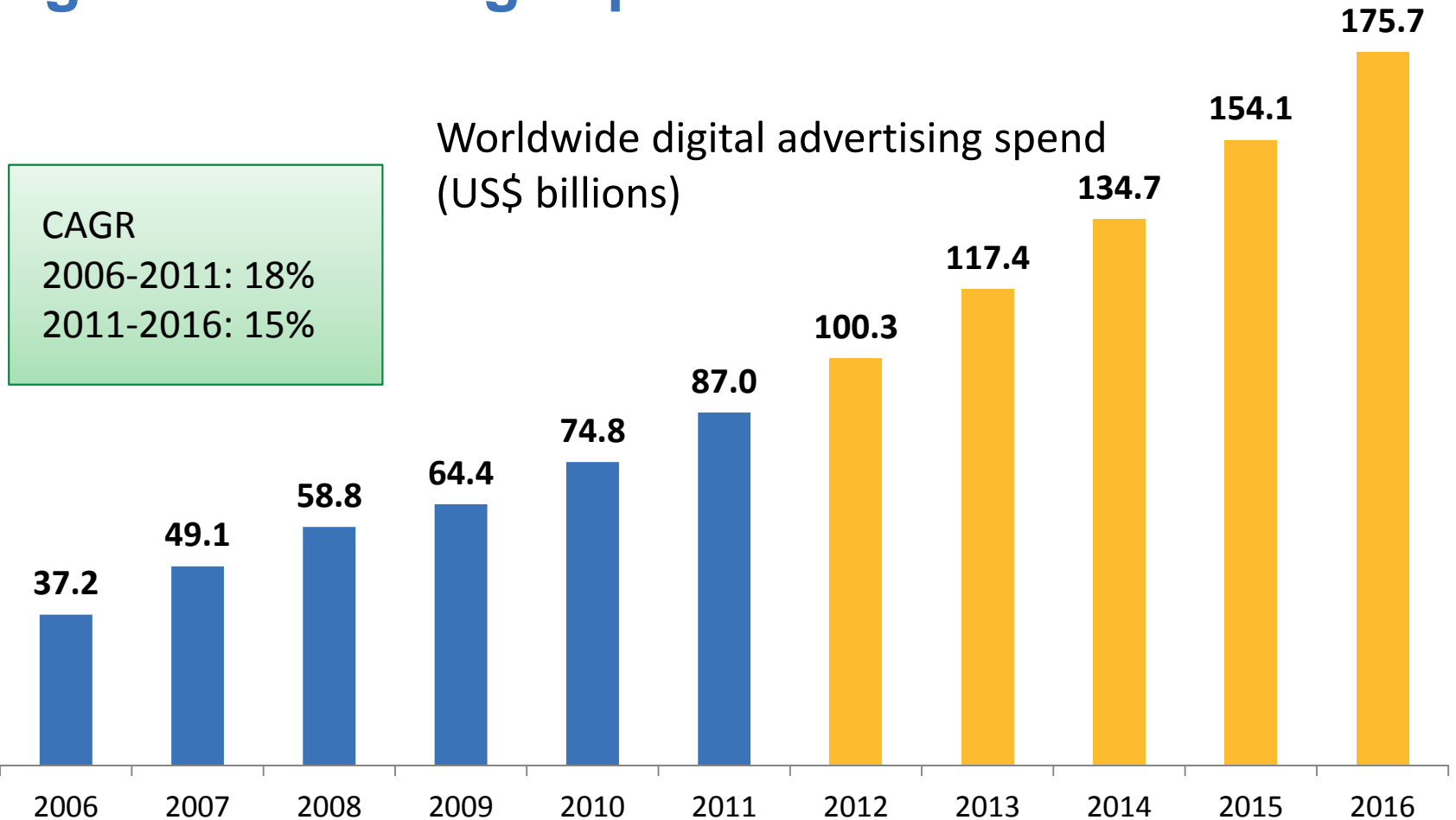
<sup>2</sup> In GroupM Digital







# Little slowdown predicted in growth of digital advertising expenditure



Source: GroupM August 2011



# WPP's Digital Strategy

## 1. Digital Everywhere

- Invest in digital in all of our businesses through training, recruitment, acquisitions, etc

## 2. Specialist Digital Expertise

- Develop new services beyond traditional advertising, e.g, web development, DSPs, mobile, social, eCommerce and eShopper, etc

## 3. Data and Technology

- Establish a proprietary technology platform – based on own and licensed technologies
- Invest in ability to control and use data for WPP and client benefit

## 4. Partner with digital leaders

- Build strong partnerships with leaders such as Microsoft, Google, Facebook, Apple, Twitter

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## Our strategy in action

- Digital everywhere – VML network supporting Y&R globally
- Develop new services – the launch of Xaxis
- Data and technology – the 24/7 platform

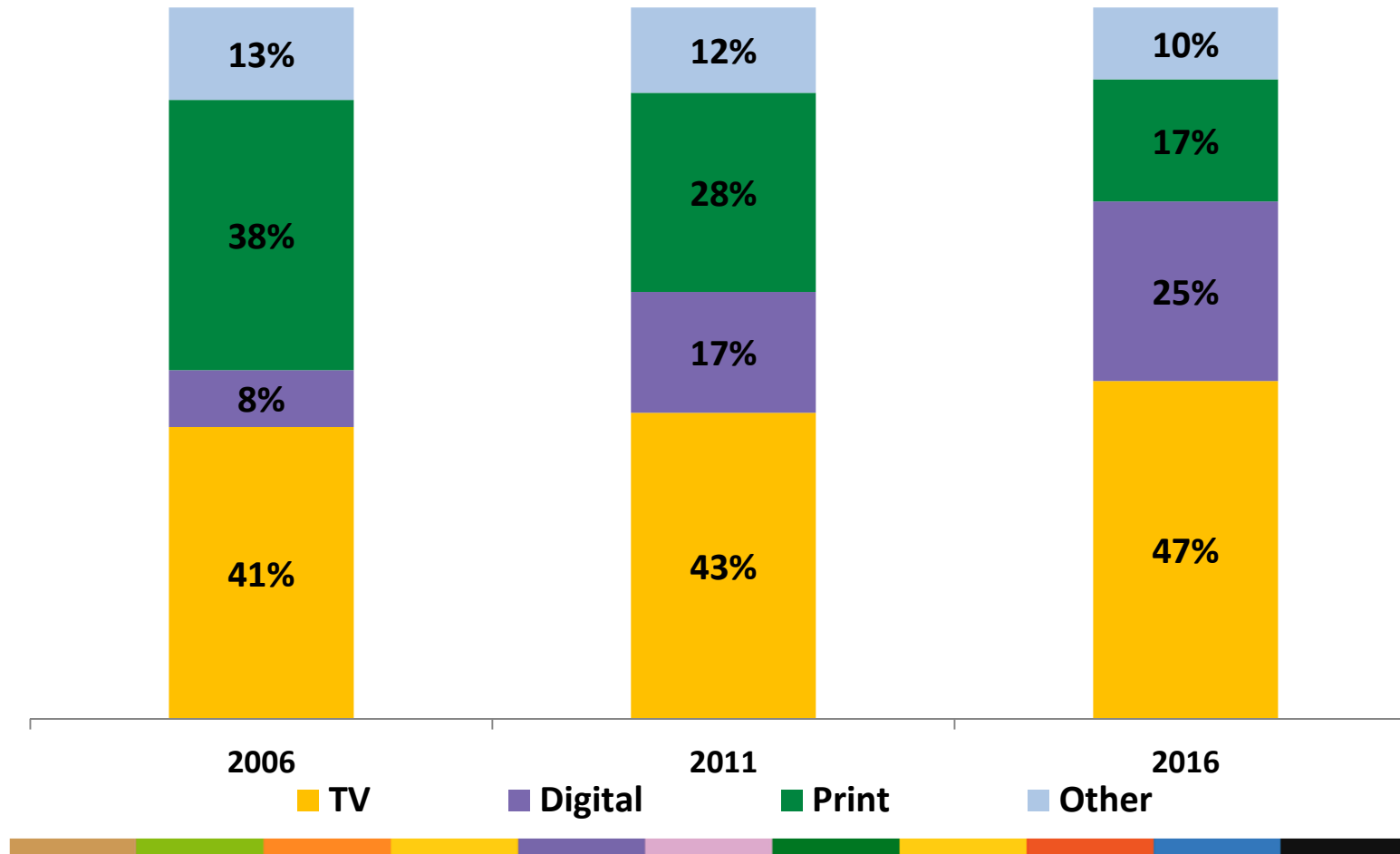




# The Market

A world dominated by TV and digital

% of total advertising spend by medium



Source: GroupM August 2011

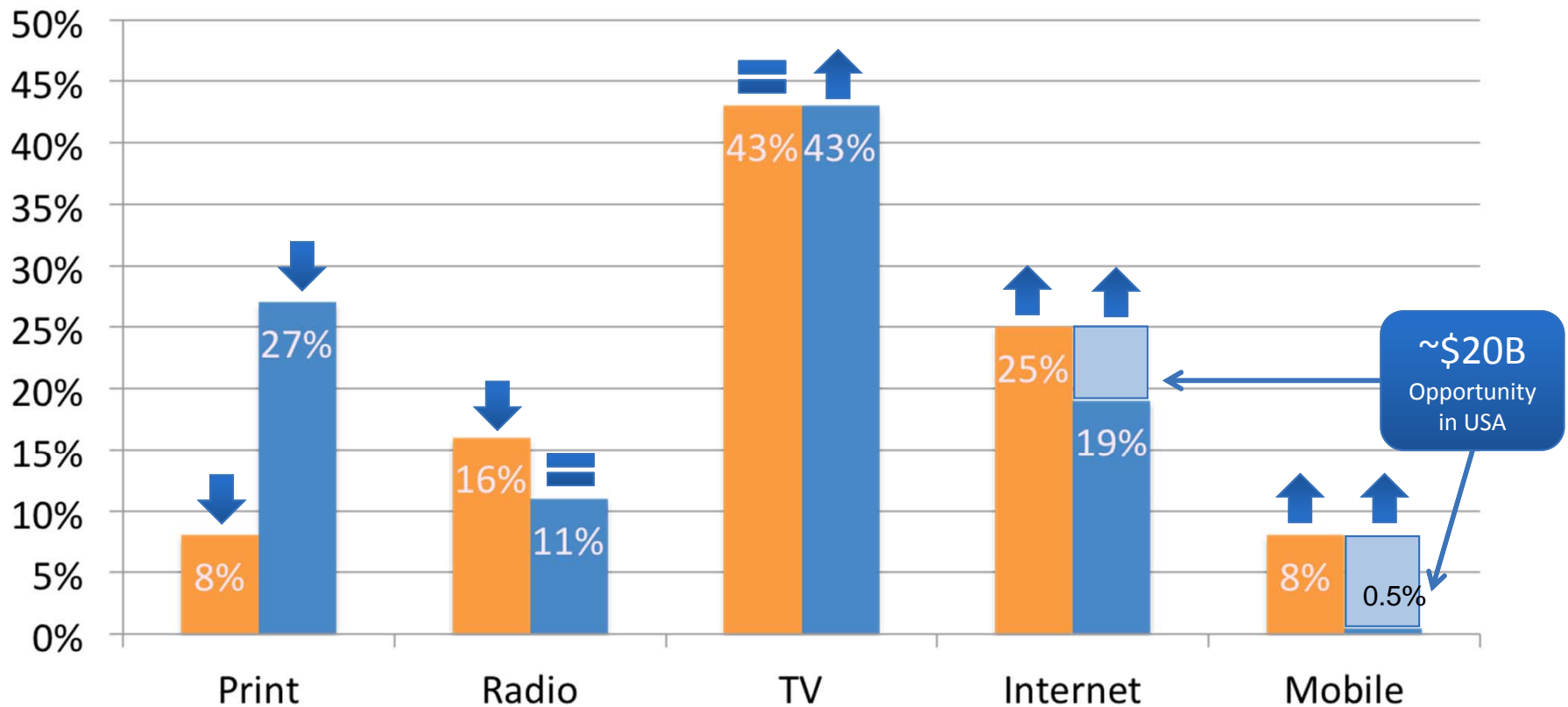
# Media time spent vs. ad spend not aligned

Internet / Mobile (upside...) vs. Print (downside...)



% of Time Spent in Media vs. % of Advertising Spending, USA 2010

Time Spent Ad Spend



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Source: (KPCB 2011)

Note: Print includes newspaper and magazine. \$20B opportunity calculated assuming Internet and Mobile ad spend share equal their respective time spent share. Source: eMarketer 3/11