

AI fundamental to WPP business, says WPP CEO, Mark Read

"AI will be fundamental for our business and we are embracing the opportunities that it presents, putting it at the heart of our operations and our work for clients," says Mark Read, chief executive officer of WPP.



Source: © Scaliger 123rf [123rf](#) "AI will be fundamental for our business and we are embracing the opportunities that it presents, putting it at the heart of our operations and our work for clients," says Mark Read, CEO WPP.

"Our AI-powered platform, WPP Open, is now being used by more than 30,000 people across WPP with growing adoption by our clients.

"At our recent Capital Markets Day we detailed our strategy to capture the opportunities of AI, data and technology, while harnessing the full power of our offer to clients, building world-class agency brands, and driving strong financial returns through efficient execution," he adds.

Read's statements were made when WPP posted its 2023 preliminary results, which showed a resilient performance in 2023 with 0.9% like-for-like growth and improved headline margin up 0.2pt like-for-like.

The entity says its investment in AI and innovation has allowed it to deliver improved growth, margin and cash.

"While 2023 was more challenging than we expected due to cuts in spending by technology clients, we delivered a resilient

performance for the year with 0.9% like-for-like growth and a 0.2 point improvement in our headline operating margin at constant currency. This was driven by disciplined cost control while continuing to invest in AI, data and technology.

"Our net new business of \$4.5bn in 2023 included major new assignments with clients such as Allianz, Krispy Kreme, Mondelez, Nestlé, PayPal and Verizon and reflects a stronger year-on-year performance in the fourth quarter.

"We are optimistic about the strategic opportunities ahead of us and are confident that we can deliver accelerated and increasingly profitable growth over the medium term," says Read.



WPP CEO Mark Read: AI is an opportunity, not a threat in the industry

31 Jan 2024



Strategic progress and 2024 guidance

VML launched in January following the merger of VMLY&R and Wunderman Thompson with senior leadership appointed. GroupM simplification plan on track. Burson, created from the merger of Hill & Knowlton and BCW, is scheduled to launch in July.

- Acquisitions in the year included influencer marketing agencies Goat and Obviously which are contributing well to growth.
- 2020 transformation programme gross annual savings of £475m in 2023 against a 2019 base, ahead of planned £450m, with savings from our campus programme, procurement initiatives, simpler WPP and lower travel costs.
- 2024 guidance: LFL revenue less pass-through costs growth of 0-1%, with improvement in headline operating profit margin of 20-40bps (excluding the impact of FX).



WPP Q3 trading shows below-expected top-line performance

26 Oct 2023



Full year and Q4 financial highlights

- FY reported revenue +2.9%, LFL revenue +3.2%.
- FY revenue less pass-through costs +0.5%, LFL revenue less pass-through costs +0.9%.
- Q4 LFL revenue less pass-through costs +0.3% with ex-US4 +3.1% benefiting from strong UK and India growth partially offset by Germany and China declines. US Q4 LFL decline of 4.5% primarily due to lower spend by technology, healthcare and retail clients, partially offset by growth in CPG, telecoms and automotive sectors.
- Global Integrated Agencies FY LFL revenue less pass-through costs +1.3% (Q4: +0.7%): within which GroupM, our media planning and buying business, grew +4.9% (Q4: +5.7%), partially offset by a 1.6% decline in other Global Integrated Agencies (Q4: -3.4%).
- Solid new business performance: \$4.5bn net new billings⁵ (2022: \$5.9bn) with Q4 net new billings \$1.1bn (Q4 2022: \$0.8bn). The current pipeline of potential new business remains higher year-on-year.
- FY headline operating profit margin in line with original guidance⁶ of 15.0% (excluding the impact of FX). Headline operating profit margin of 14.8% (2022: 14.8%) reflecting a 0.2pt drag from FX, disciplined cost control and continued investment in our technology, data and AI offer.
- Reported EPS of 10.1p (2022: 61.2p) reflects the impact of accelerated amortisation of intangible assets due to the creation of VML, and property impairments announced earlier in the year.
- Headline EPS of 93.8p (2022: 98.5p) reflects a zero contribution from Kantar in income from associates in 2023, which in 2022 represented 3.3p in headline EPS⁷.

- Adjusted operating cash flow of £1,280m (2022: £669m) reflecting an improved working capital performance.
- Adjusted net debt at 31 December 2023 of £2.5bn, flat year-on-year
- Final dividend of 24.4p proposed (2022: 24.4p) resulting in a proposed total dividend of 39.4p (2022: 39.4p) in line with our payout policy of approximately 40% of headline diluted EPS.

“Our strategy will continue to be underpinned by a disciplined approach to capital allocation with ongoing organic investment, a progressive dividend policy and a disciplined approach to M&A, supported by a strong balance sheet and an investment grade credit rating,” says the results statement.



WPP acquires stake in German digital-first agency OH-SO Digital

8 Feb 2024



Innovating to lead

At its Capital Markets Day in January 2024, it announced the next phase of its strategy - 'Innovating to Lead' - which is built on four strategic pillars:

1. **Lead through AI, data and technology**, by building on our leadership position in the application of artificial intelligence through the acquisition of the AI research firm Satalia in 2021; organic investment in WPP Open, our AI-driven platform, client technology and data; and deep partnerships with strategic technology partners such as Adobe, Google, IBM, Microsoft, Nvidia and OpenAI. Our plans include an annual cash investment of around £250m in proprietary technology to support our AI and data strategy.
2. **Unlock the full potential of creative transformation to drive growth**, expanding our client relationships by further leveraging WPP's global scale, integrated offer in creative, media, production and PR, and capabilities in growth areas such as commerce, influencer marketing and retail media to capture share in a growing market.
3. **Build world-class, market-leading brands** through our six powerful agency networks - VML, Ogilvy, AKQA, Hogarth, GroupM and Burson - which now represent close to 90% of WPP's revenue less pass-through costs, and in particular reap the benefits of unrivalled scale from VML as the world's largest integrated creative agency, leverage GroupM's simplified operating model and scale as the world's largest media agency and establish Burson as a leading global strategic communications agency by bringing together BCW and Hill & Knowlton.
4. **Execute efficiently to drive strong financial returns**, by delivering growth and structural cost savings from the creation of VML and Burson, and simplification of GroupM, unlocking scale advantages and further efficiency savings.

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