How we're doing

Financial summary

	2014	2013	Change %
Billings[1]	**£46,186m**	£46,209m	–
Revenue	**£11,529m**	£11,019m	+4.6
Net sales[1]	**£10,065m**	£10,076m	-0.1
Headline EBITDA[2]	**£1,910m**	£1,896m	+0.7
Headline operating profit[2]	**£1,611m**	£1,583m	+1.8
Reported operating profit	**£1,507m**	£1,410m	+6.9
Headline PBIT[2]	**£1,681m**	£1,662m	+1.1
Net sales margin[2]	**16.7%**	16.5%	+0.2*
Headline PBT[2]	**£1,513m**	£1,458m	+3.7
Reported PBT	**£1,452m**	£1,296m	+12.0
Headline earnings[2]	**£1,136m**	£1,088m	+4.4
Reported earnings	**£1,077m**	£937m	+15.0
Headline diluted earnings per share[2,4]	**84.9p**	80.8p	+5.1
Reported diluted earnings per share[4]	**80.5p**	69.6p	+15.7
Ordinary dividend per share	**38.20p**	34.21p	+11.7
Ordinary dividend per ADR[3]	**$3.15**	$2.68	+17.5
Net debt at year-end	**£2,275m**	£2,240m	+1.6
Average net debt[5]	**£3,001m**	£2,989m	+0.4
Ordinary share price at year-end	**1,345.0p**	1,380.0p	-2.5
ADR price at year-end	**$104.10**	$114.86	-9.4
Market capitalisation at year-end	**£17,831m**	£18,613m	-4.2
At 17 April 2015			
Ordinary share price	**1,543.0p**		
ADR price	**$115.44**		
Market capitalisation	**£20,456m**		

The financial statements have been prepared under International Financial Reporting Standards (IFRS).

1 Billings and net sales are defined on page 238.

2 The calculation of 'headline' measurements of performance (including headline EBITDA, headline operating profit, headline PBIT, net sales margin, headline PBT and headline earnings) is set out in note 31 of the financial statements.

3 One American Depositary Receipt (ADR) represents five ordinary shares. These figures have been translated for convenience purposes only using the Consolidated income statement exchange rates shown on page 190. This conversion should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into, US dollars at the rates indicated.

4 Earnings per share is calculated in note 9 of the financial statements.

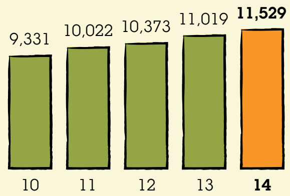
5 Average net debt is defined on page 238.

* Margin points.

Financial summary

Revenue £m

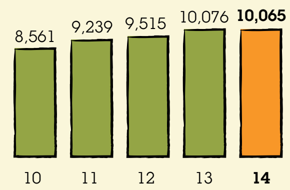
11,529m



Reported revenue was up 4.6% at £11,529 million. On a constant currency basis, revenue was up 11.3% and, on a like-for-like basis, revenue was up 8.2%.

Net sales £m

10,065m

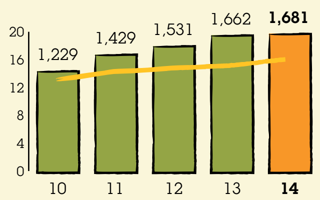


Reported net sales were almost flat on 2013 at £10,065 million. On a constant currency basis, net sales were up 6.3% and, on a like-for-like basis, net sales were up 3.3%.

Headline PBIT[1] £m

Net sales margin[1] %

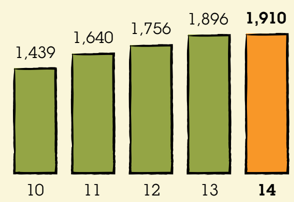
1,681m



Headline PBIT was up 1.1% to £1,681 million. Net sales margin was up 0.2 margin points (0.3 margin points on a constant currency basis) to an industry-leading 16.7%.

Headline EBITDA[1] £m

1,910m

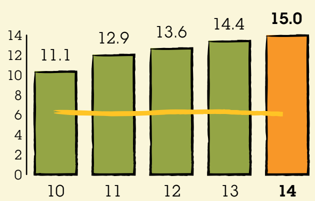


Headline EBITDA (headline earnings before interest, taxation, depreciation and amortisation) rose by 0.7% (7.5% in constant currencies), reflecting currency headwinds.

Return on equity[2] %

Weighted average cost of capital (WACC)

15.0%

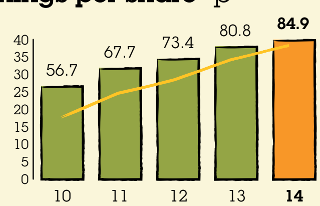


Return on equity increased to 15.0% in 2014, while the weighted average cost of capital fell to 6.1%.

Headline diluted earnings per share[1] p

Dividends per share p

84.9p



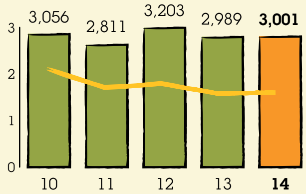
Headline diluted earnings per share up 5.1% to 84.9p. Dividends were up 11.7% to 38.20p per share.

[1] The calculation of 'headline' measurements of performance (including headline EBITDA, headline PBIT, net sales margin and headline earnings) is shown in note 31 of the financial statements.
[2] Return on equity is headline diluted earnings per share divided by equity share owners' funds per share.

Average net debt £m

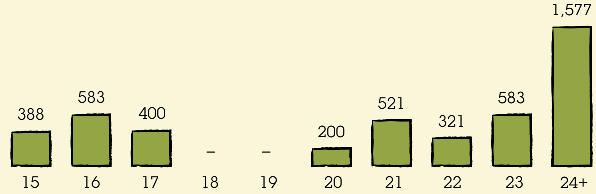
Average net debt to headline EBITDA[2] ratio

3,001m



Average net debt was flat at £3.0 billion in 2014. The average net debt to headline EBITDA ratio remained at 1.6 times, at the low end of the Group's target range of 1.5-2.0 times.

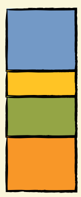
Debt maturity[3] £m



The Group continues to work to achieve continuity and flexibility of funding. Undrawn committed borrowing facilities are maintained in excess of peak net-borrowing levels and debt maturities are monitored closely.

2014 revenue by geography %

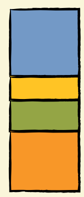
North America	**34**
UK	**14**
Western Continental Europe	**22**
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**30**



In 2014, 30% of the Group's revenue came from Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe. Our target is to increase this to 40-45% of revenues over the next five years.

2014 headline PBIT[1] by geography %

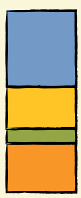
North America	**37**
UK	**13**
Western Continental Europe	**17**
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**33**



Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe now account for one-third of the Group's headline PBIT and have profit margins of over 18%.

2014 revenue by sector %

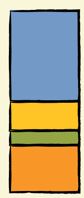
Advertising and Media Investment Management	**44**
Data Investment Management	**21**
Public Relations & Public Affairs	**8**
Branding & Identity, Healthcare and Specialist Communications	**27**



Marketing services comprised 56% of our revenues in 2014, a little less than 2013. Revenue growth was strongest in Advertising and Media Investment Management at almost 20% in constant currencies.

2014 headline PBIT[1] by sector %

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



PBIT contributions were broadly in line with revenues, with Data Investment Management and Public Relations & Public Affairs showing significant margin growth.

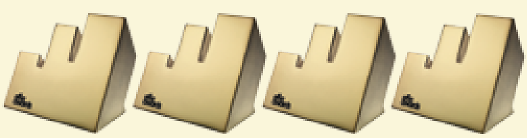
[1] The calculation of headline PBIT is set out in note 31 of the financial statements.
[2] The calculation of headline EBITDA is set out in note 31 of the financial statements.
[3] Includes corporate bonds and bank loans payable at par value, excluding any redemption premium due, by due date.

Strategic report to share owners*

Dear share owner

2014, our twenty-ninth year, was another record one, with revenue, profitability, net sales margins and earnings per share all reaching new highs, despite strong currency headwinds. For the fourth successive year, WPP was named Creative Holding Company of the Year at the Cannes International Festival of Creativity, in recognition of your Company's collective creative excellence; and also for the fourth consecutive year, WPP was ranked Most Effective Holding Company in the Effie Global Effectiveness Index.

Cannes International Festival of Creativity
Holding Company of the Year
2011, 2012, 2013, 2014



Effie Global Effectiveness Index
Most Effective Holding Company of the Year
2012, 2013, 2014, 2015

At the same time, we have responded to the changing competitive landscape by accelerating the implementation of our strategic goals. Sector targets for faster-growth markets and new media have been raised to 40-45% of revenue over the next five years.

Although your share price fell slightly in 2014 – a decrease of over 2% to 1,345.0p at year end – it has since increased to 1,543.0p at the time of writing, reflecting our record results for 2014, as well as the overall strength in global stock markets over recent months. Dividends increased by 11.7% to 38.20p, a new high. This represents a dividend pay-out ratio of 45% of headline diluted earnings per share, achieved one year earlier than the objective set after the 2013 Annual General Meeting.

Reported billings were £46.2 billion, up almost 7% in constant currencies, driven by a strong leadership position in net new business league tables for the third year in a row. Revenue was up well over 4% to £11.5 billion and up over 11% in constant currencies. Net sales were almost flat on 2013 and up over 6% in constant currencies. Including 100% of associates and investments, revenue is estimated to total £16.5 billion (almost $27 billion). Headline PBIT was up over 1% to £1.681 billion and up 8% in constant currencies. Net sales margins increased by 0.2 margin points to an industry-leading 16.7% and, on a constant currency basis, were up 0.3 margin points, in line with target.

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

Return on equity increased 0.6 percentage points to 15.0% in 2014 compared with 14.4% in 2013, while the weighted average cost of capital decreased to 6.1% in 2014 from 6.5% in 2013. Additionally, the value of the Group's non-controlled investments rose by almost £400 million to £669 million during the year, reflecting the increasing value of our content businesses, primarily VICE, and the technology partnerships formed during the year with AppNexus and Rentrak.

* This strategic report to share owners should be read in conjunction with and as part of the Directors' report on pages 113 to 122 and the section headed How we comply on pages 167 to 179.

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

Headline interest cover in 2014 was 10.0 times. So far, in the first two months of 2015, average net debt is up slightly at £2.5 billion against £2.4 billion for the same period in 2014, at 2015 exchange rates. Our long-term debt is currently rated Baa2 and BBB and our short-term debt P2 and A2, by Moody's and Standard & Poor's respectively.

With a current equity market capitalisation of approximately £20.5 billion, the total enterprise value of your Company is approximately £23.6 billion, a multiple of 12.4 times 2014 headline EBITDA.

Revenue growth impacted by strong currency headwinds

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

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

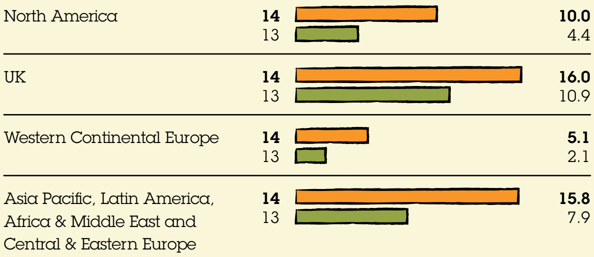
The US and UK led the way

North America, with constant currency revenue growth of well over 10% in the final quarter and like-for-like growth of over 9%, maintained the strong growth seen in the first nine months, an improvement over the third quarter year-to-date constant currency growth of almost 10%. Particularly strong growth was achieved in Media Investment Management and parts of the Group's Public Relations & Public Affairs, Healthcare Communications and direct, digital and interactive operations. On a full-year basis, constant currency revenue was up 10%, with like-for-like up over 9%. Net sales were up over 3% in constant currency, with like-for-like up 3%.

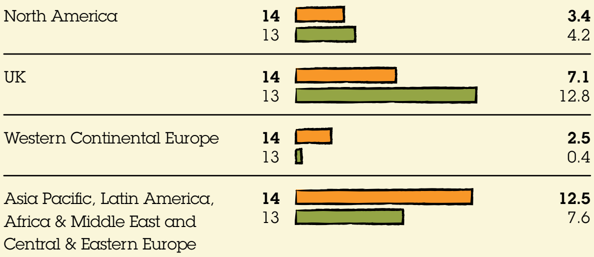
The UK rate of growth in the final quarter was similar to quarter three at around 15% in constant currency, with like-for-like growth of over 11% compared with over 10% in quarter three. The Group's Advertising and Media Investment Management and Public Relations & Public Affairs businesses performed particularly well. Despite the improvement in revenue, net sales slowed in the final quarter, with constant currency growth of well over 4% compared to over 7% in quarter three, as the Group's Data Investment Management, Branding & Identity and Healthcare Communications agencies were lower. On a full-year basis, constant currency revenue was up 16%, with like-for-like up almost 13%. Net sales were up over 7% in constant currency, with like-for-like up almost 5%, the strongest-performing region.

Western Continental Europe, somewhat contrary to the macroeconomic picture, showed significant improvement in the final quarter, partly driven by acquisitions, with constant currency revenue up over 7% and like-for-like revenue up over 5%, compared to over 5% and over 4% respectively in quarter three. Similarly, net sales growth on a constant currency basis was up over 4% in the final quarter, compared to almost 3% growth in quarter three. On a like-for-like basis, net sales were up well over 1% in the final quarter, slightly above the growth seen in quarter three. For the year, Western Continental Europe revenue grew almost 4% like-for-like (almost 5% in the second half), compared with 0.5% in 2013, with net sales growth of over 1% like-for-like (1.6% in the second half), compared to -1.3% in 2013. Germany, Italy, the Netherlands and Turkey all showed good growth in the final quarter, but Austria, Belgium, France, Spain and Switzerland were tougher.

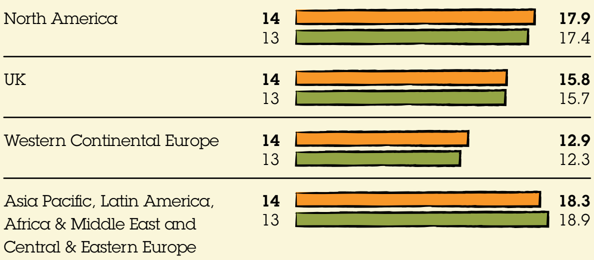
Constant currency[1] revenue growth %



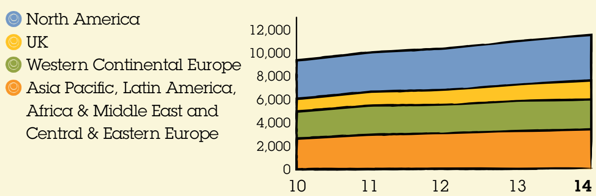
Constant currency[1] net sales growth by geography %



Net sales margin[2] by geography %



Revenue by geography £m



[1] See definition on page 238.
[2] The calculation of net sales margin is set out in note 31 of the financial statements.

In Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe, revenue growth in the fourth quarter was fastest overall, as it was in quarter three, up 16% in constant currency and up over 6% like-for-like. Growth in the fourth quarter was driven principally by Asia Pacific and Africa, the CIVETS[1], Next 11[2] and the MIST[3]. Constant currency net sales growth was over 12% for the year, with like-for-like net sales up well over 4%. In Asia, India, Indonesia, Vietnam and Bangladesh had double-digit like-for-like growth, while Japan and Korea were more challenging.

Latin America showed some softening in the second half, with like-for-like net sales growth of well over 3% compared with almost 6% in the first half, as parts of the Group's businesses in Brazil and Chile slowed. The Middle East improved in the final quarter, with like-for-like net sales growth of over 5%, and over 3% for the full year. Africa also grew strongly, with like-for-like net sales up over 7% in the final quarter and up over 5% for the full year, driven by the Group's Media Investment Management and Public Relations & Public Affairs businesses. In Central & Eastern Europe, like-for-like revenue was up almost 5% in the fourth quarter, down slightly from over 5% in quarter three, with Poland, Russia and the Slovak Republic up strongly. On the same basis, full-year revenue was up over 6%, with net sales up over 5%.

Full-year revenue for the BRICs[4], which account for $2.4 billion of revenue, was up over 8% on a like-for-like basis, with the Next 11 and CIVETS up over 18% and over 10% respectively. The MIST was up almost 18%. In 2014, almost 30% of the Group's revenue came from Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe – the same proportion as in 2013, with the strength of sterling against the currencies of many of the markets in these regions still having a significant impact. On a constant currency net sales basis, this increased to 30.6%, compared with the Group's strategic objective of 40-45% in the next five years. Markets outside North America now account for 66% of our revenue.

[1] Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa.
[2] Bangladesh, Egypt, Indonesia, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey and Vietnam (the Group has no operations in Iran).
[3] Mexico, Indonesia, South Korea and Turkey.
[4] Brazil, Russia, India and China.

Strong growth in advertising and media

Advertising and Media Investment Management was the strongest performing sector, with constant currency revenue up almost 20% for the year and up over 16% like-for-like. Net sales were up almost 8% in constant currencies and up 5% like-for-like. In the final quarter, revenue was up almost 21% in constant currencies and up almost 15% like-for-like, slightly down on growth of 17% in the third quarter. Advertising grew well in Africa & Middle East, but was slower in the mature markets of North America and Western Continental Europe. Media Investment Management showed strong like-for-like growth across all regions and especially in North America, the UK and Asia Pacific.

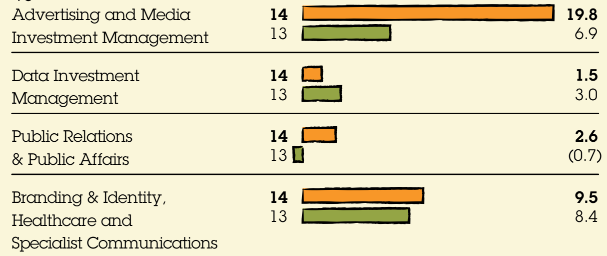
Of the Group's advertising networks, Ogilvy & Mather and Grey performed well, with J. Walter Thompson Worldwide performing strongly in the UK and Asia Pacific. However, the Group's Advertising businesses in Western Continental Europe generally remained challenged, with like-for-like revenue under pressure and with slower activity in North America in the fourth quarter. Growth in the Group's Media Investment Management businesses has been very consistent throughout the year, with constant currency and like-for-like revenue up strongly for the year, with a stronger second half. tenthavenue, the 'engagement' network focused on out-of-home media, also performed strongly in the fourth quarter, with like-for-like net sales growth up 14%. The strong revenue and net sales growth across most of the Group's businesses, partly offset by the challenges in the Group's Advertising businesses in Western Continental Europe and North America noted above, resulted in the combined net sales margin of this sector improving by 0.1 margin points to 18.6% and by 0.2 margin points in constant currency.

In 2014, J. Walter Thompson Worldwide, Ogilvy & Mather, Y&R and Grey generated estimated net new business billings of almost £900 million ($1.4 billion). GroupM (the Group's Media Investment Management arm, which includes Mindshare, MEC, MediaCom, Maxus, GroupM Search and Xaxis), together with tenthavenue, generated estimated net new business billings of £4.4 billion ($7.0 billion). The Group's net new billings totalled £5.8 billion ($9.3 billion), slightly down on the record year of 2013 of £6.1 billion ($9.8 billion).

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

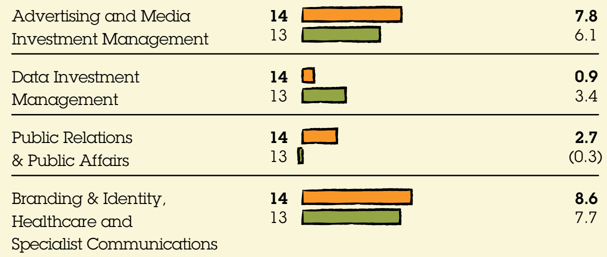
Constant currency[1] revenue growth by sector

%

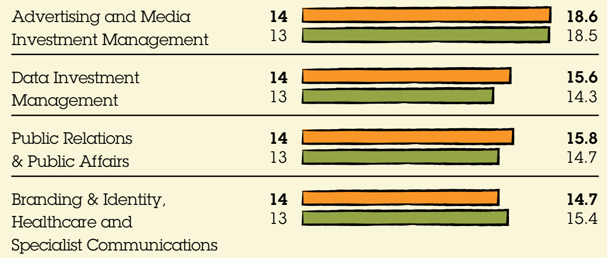


Constant currency[1] net sales growth by sector

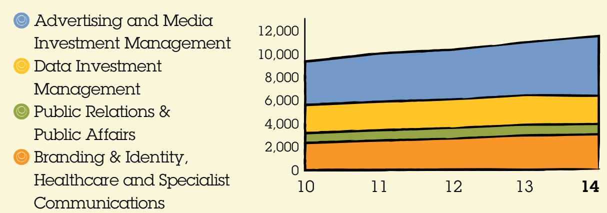
%



Net sales margin[2] by sector %



Revenue by sector £m



[1] See definition on page 238.
[2] The calculation of net sales margin is set out in note 31 of the financial statements.

and up 0.6% like-for-like, reflecting an improvement in the custom research parts of the business. In the fourth quarter, revenue fell by 1% in constant currency, and by over 1% like-for-like, due to weaker custom sales in the UK, Asia Pacific and Latin America, and continuing softness in parts of the Group's syndicated businesses in North America. Net sales showed a similar pattern with constant currency net sales down 0.6% and down 1% like-for-like. There seems to be a growing recognition of the value of 'real' data businesses, rather than those that depend on third-party data. Net sales margins improved by 1.3 margin points to 15.6% and by 1.2 margin points in constant currency. Good cost control, the continued benefits of restructuring and the disposal of a call centre operation in the US contributed to the improvement in net sales margins.

Although there has been further improvement during 2014, the slowest sub-sector continues to be like-for-like net sales growth in the custom businesses in mature markets, where discretionary spending remains under review by clients. Custom businesses in faster-growth markets, although slightly weaker than 2013, remain robust, with strong like-for-like revenue and net sales growth.

The Group's Public Relations & Public Affairs businesses returned to top-line growth in 2014, with full-year revenue up well over 2% on both a constant currency and like-for-like basis. The fourth quarter was particularly strong, up over 5% like-for-like, with strong growth in North America, the UK and Asia Pacific. Burson-Marsteller, Cohn & Wolfe and the specialist Public Relations & Public Affairs businesses performed well, with Hill+Knowlton Strategies more challenged. An improving top-line and good control of costs resulted in net sales margins improving by 1.1 margin points to 15.8% and by 1.3 margin points in constant currency.

At the Group's Branding & Identity, Healthcare and Specialist Communications businesses (including direct, digital and interactive), full-year revenue was up over 9% in constant currency and up 4% like-for-like. In the fourth quarter, constant currency revenue grew strongly at over 11%, with like-for-like revenue growth of over 4%, an improvement over the third quarter. Net sales were up well over 9% in the fourth quarter on a constant currency basis, and up 1.5% like-for-like, similar to the third quarter. The Group's direct, digital and interactive businesses, especially OgilvyOne Worldwide, Mirum (the newly-established digital network of J. Walter Thompson Worldwide), WPP Digital, VML and AKQA performed strongly, with parts of the Group's Healthcare Communications and Branding & Identity businesses slower. Net sales margins for the sector as a whole fell 0.7 margin points to 14.7% and by 0.6 margin points in constant currency, as parts of the Group's direct, digital and interactive businesses in Western Continental Europe, together with Branding & Identity and Healthcare Communications slowed.

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

Margins reach new high, in line with target

Net sales margins were up 0.2 margin points to a new historical high of 16.7% and increased 0.3 margin points in constant currencies, in line with the Group's margin target. Over the last three years, reported net sales margins have improved by 1.2 margin points and by 1.7 margin points excluding the impact of currency.

Group revenue is more weighted to the second half of the year across all regions and sectors, especially in the faster-growing markets of Asia Pacific and Latin America. As a result, the Group's profitability and margin continue to be skewed to the second half of the year, with the Group earning approximately one-third of its profits in the first half and two-thirds in the second half.

Given the significance of Data Investment Management revenues to the Group, with none of our parent company competitors presently represented in that sector, net sales is a more meaningful measure of comparative top-line growth, although we know competitors do have significant barter, telesales, food broking and field marketing operations, where the same issue may arise. Net sales are a more appropriate measure because Data Investment Management revenue includes pass-through costs, principally for data collection, on which no margin is charged. In addition, the Group's Media Investment Management sub-sector is increasingly buying digital media for its own account and, as a result, the subsequent billings to clients have to be accounted for as revenue, as well as billings. We believe a number of our competitors face the same issue and, consequently, reporting practices should be standardised. Thus, revenue and the revenue growth rate will increase, although net sales and the net sales growth rate will remain the same and the latter will present a clearer picture of underlying performance.

Because of these two significant factors, and whilst continuing to report revenue and revenue growth, we will focus even more on our net sales margins, which now lead the industry.

Operating costs contained

During 2014, the Group continued to manage operating costs effectively, with improvements across most cost categories, particularly staff and property costs. On a like-for-like basis, headline operating costs rose by 3.1%, less than the rate of growth for revenue and net sales.

On a like-for-like basis, the average number of people in the Group increased by 0.9% in 2014. On the same basis, the number of people in the Group at 31 December 2014 decreased by 0.4% compared with the end of 2013. These average and point-to-point figures reflect the continuing sound management of headcount and staff costs in 2014 to balance revenue and costs. On a like-for-like basis, revenue and net sales increased by 8.2% and 3.3% respectively.

Reported staff costs, excluding incentives, fell by 0.4% and rose by over 6% in constant currency. Staff costs included £37 million ($63 million) of severance costs compared with £27 million ($40 million) in 2013. Incentive costs amounted to £313 million ($512 million) which was over 16% of headline operating profit before incentives and income from associates, compared with £328 million ($517 million) or over 17% in 2013.

Performance in parts of the Group's Data Investment Management custom businesses, Public Relations & Public Affairs, Healthcare Communications and direct, digital and interactive businesses fell slightly short of the target, maximum and 'super-maximum' performance objectives agreed for 2014. Achievement of target generates 15% of operating profit before bonus as an incentive pool.

Net sales margins, before all incentives and income from associates, were 19.1%, up 0.1 margin points, compared with 19.0% last year. The Group's staff cost-to-net sales ratio, including severance and incentives, decreased by 0.3 margin points to 64.0% compared to 64.3% in 2013, indicating an improvement in productivity.

As a result of all this, headline PBIT was up over 1% to £1.681 billion from £1.662 billion and up 8% in constant currencies.

In the second half of the year, the Group announced new technology partnerships with AppNexus and Rentrak. These two transactions gave rise to an exceptional capital gain of £151 million. The Group also recognised a gain of £10 million as a result of a reduction in its investment in oOh!Media (following the IPO) and realised gains on the re-measurement of equity interests, following acquisition of controlling interests. In total, these gains amounted to £196 million, which in accordance with prior practice, have been excluded from headline profit. In the final quarter of the year, the Group incurred restructuring costs of £128 million, largely for severance, to further adjust the Group's cost base, primarily in the mature markets of Western Europe. This also included £39 million of costs resulting from the project to transform and rationalise the Group's IT services and infrastructure, which will start to deliver savings in 2016. After all these gains and restructuring costs, reported PBIT rose by more than 6% to £1.569 billion from £1.478 billion, up over 14% in constant currencies.

Net finance costs (excluding the revaluation of financial instruments) were £168 million, down over 17% from £204 million in 2013. This reflected the beneficial impact of lower net debt funding costs and higher income from investments, partially offset by the cost of higher average gross debt, due to pre-funding of 2014 debt maturities. Headline profit before tax increased by well over 3% (over 11% in constant currencies) to £1.513 billion and reported profit before tax was up 12% (over 21% in constant currencies) to £1.452 billion.

The Group's tax rate on headline profit before tax was 20.0%, compared with 20.2% in 2013, and on reported profit before tax was 20.7% against 21.9% in 2013. Reported profit after tax rose by almost 14% (over 23% in constant currencies) to £1.152 billion.

Diluted headline earnings per share rose by over 5% (well over 12% in constant currencies) to 84.9p and diluted reported earnings per share increased by well over 15% (almost 25% in constant currencies) to 80.5p.

A record year, but not without challenges

2014 followed successive post-Lehman record years in 2011, 2012 and 2013. In some respects 2014 was more difficult than 2013, with the so-called faster-growth markets of Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe, growing more slowly than usual, offset to some extent by stronger North American and UK markets. Functionally, Advertising and Media Investment Management and direct, digital and interactive continued to prosper, whilst Data Investment Management, Public Relations & Public Affairs and Branding & Identity and Healthcare Communications grew more modestly. Overall, having started the year budgeting revenue and net sales growth of over 3%, we progressively increased our forecasted revenue growth, finally achieving like-for-like revenue growth of an industry-leading 8.2%. Net sales grew more modestly at 3.3%, growing faster in the first half, than the second, although weaker and stronger comparatives respectively in 2013 are partly the reasons.

Equally importantly, we reached our margin improvement target of 0.3 margin points on a constant currency basis, through balanced control of staff costs and headcount. Despite the significant strengthening of sterling against the dollar and most of the faster-growth markets' currencies, which began in the fourth quarter of 2013 and continued for much of 2014, our margin in reportable sterling terms improved by 0.2 margin points. As a result, profitability improved at all levels, whilst incentive pools were largely maintained at above target performance.

This performance was especially creditable at a time when clients were, and continue to be, faced with sluggish nominal and real GDP growth, particularly in the BRICs and Next 11 markets, and with little or no inflation and therefore limited pricing power, and with short-term institutional investment and activist investor pressure, all of which result in financial and procurement focus on reducing costs to deliver promised or expected results. Given current macroeconomic and geopolitical uncertainties, these pressures within our industry are unlikely to lessen in the short term, with clients understandably continuing to demand more for less and consolidating competitors discounting their pricing heavily or offering guarantees, particularly in media investment management, to defend their incumbent positions.

So why will the client climate remain uncertain? After all, profits as a proportion of GDP remain at record levels, corporates have deleveraged since Lehman and sit on at least $7 trillion of net cash, on solid balance sheets and on record stock market valuations. With deflation the worry, rather than inflation, fears of wage and cost inflation are limited and lessened by commodity price falls, particularly in oil and energy, which is effectively a tax reduction for consumers. All seems benign and rosy. Well, those known flapping grey swans remain and black ones can always surprise.

There are still at least five 'grey swans', although the sixth, in the case of the UK, the Scottish Referendum, seems to have flapped away, at least for the moment.

- Firstly, despite some improvement, the Eurozone remains fragile. True, Spain is improving, but with still unacceptably high levels of unemployment, particularly amongst the young. Italy shows a few signs of life, particularly in the North and Germany some strength, driven by the impact of a weak euro on export prices. Some of the peripheral markets are also in better shape, such as Ireland and Portugal. The European Central Bank is openly embracing quantitative easing and we have the strange counterbalancing forces of the Federal Reserve suggesting a tightening, at the same time as the Europeans, Japanese and Chinese are loosening. However, France remains difficult and shocks to the system, like Greece, could always become contagious, if settlement compromises are made. And there is the possibility of populist progress at the Spanish elections too.
- Second, the litany of woes remain in the Middle East. Concerns around ISIS may have upstaged Syria, Libya, Afghanistan, Palestine and Israel, but those problems have not gone away – although there may be some scope for a nuclear agreement with Iran, thus possibly, opening up an 80 million+ people market and Egyptian prospects may have improved too and re-opened an 80-90 million+ people market.
- Third, there are continuing fears around the BRICs and Next 11, particularly in relation to the larger markets of Brazil, Russia and China. Most, if not all of these markets suffered a slowdown in 2013, which continued into 2014 and looks likely to continue into 2015. This economic pressure has been intensified by the fall in commodity prices, particularly oil, for those countries that are net oil producers and exporters. However, overall, they still remain faster-growth markets than the slower-growth mature markets of the West and will remain a core part of our strategy.

We remain undiminished bulls on China. In only its first two years, the new leadership immediately addressed issues of corruption and its first and second Plenum documents reinforced the strategic directions of the 12th Five Year Plan, with an emphasis on lower-quantum, higher-quality GDP growth, a switch to consumption from savings, a healthcare and social security safety net and a strengthening of the service sector. The 13th Five Year Plan is likely to do the same. There is a consistency and realism in the approach that looks likely to win through, whilst a $10 trillion Chinese GDP growing today at even 5% has an even bigger delta effect on the world's $70 trillion GDP than a $3 trillion Chinese GDP growing at 10% 10 years ago.

We also remain bullish on Russia, but only in the medium to long term. In the short to medium term Russia's GDP growth will be limited or negative, particularly with the oil price south of $80 and sanctions still in place. Perhaps the Minsk agreement and Ukrainian ceasefire will improve the situation, but in 2015, Russian GDP looks as though it will decline by at least 5%. Brazil also remains difficult with flattish GDP and re-elected President Dilma Rousseff only doing half of what markets want her to do. The one BRIC star, at the moment, remains India, with the new Prime Minister Modi having made a fast start. Elsewhere, Indonesia, Vietnam, Mexico, Colombia, Peru, Nigeria and South Africa remain high on the agenda, albeit tempered by geopolitical uncertainties. Iran and Cuba remain economic possibilities.

However, the continued increase of the hundreds of millions in the new middle classes in all these countries seems to be the real economic motive force, particularly for fast-moving consumer goods. On its 25th anniversary, CNBC, together with PwC, took a look at the world in 25 more years. China was projected as the world's biggest economy with GDP of $34 trillion versus $10 trillion now,

The continued increase of the hundreds of millions in the new middle classes in [BRICS, Next 11, CIVETS and MIST] seems to be the real economic motive force, particularly for fast-moving consumer goods

the US second at $28 trillion (but still with markedly higher GDP per capita) versus $17 trillion now, and India third. India would be the most populous nation with 1.6 billion people and China second with 1.4 billion. We continue to significantly focus our future on the growth of these markets.

Fourth, although US GDP is now growing at around 3% and will be one of the world's major economic G2 engines again in 2015, there are still the issues of dealing with both the US deficit and a record level of $16 trillion of debt in the most effective ways. In addition, we have to come off the post-Lehman cheap money drug at some time and the scale and speed of tapering remains the key issue for the continued strength of equity markets. The potential negative impact of Federal Reserve easing and tapering remains the elephant in the room.

Fifth, and finally, the increasingly uncertain result of the UK General Election may crimp the strong UK economic recovery, which equals or even exceeds the strength of the US, albeit at relatively modest levels. If the Conservatives win outright (unlikely?) or lead a coalition or even form a minority government, there will be a Referendum on the EU in 2016 or 2017, which will cause significant uncertainty. If Labour wins outright (also unlikely?), or leads a formal or informal coalition (more likely with the SNP?) or forms a minority government, it will win partly on a 'bashing business' manifesto, which may resonate at the ballot box. All seems a case of 'Morton's Fork'. Either way, the UK economy may slip into the political cycle again, with austerity in the early part of the five-year cycle to deal with the continuing budget deficit and better times around the next election in five years' time (or earlier?) – just like the current Chancellor has done so brilliantly for the Coalition, in its first term.

So all in all, whilst clients may be more confident than they were in September 2008 post-Lehman, with stronger balance sheets, sub-trend global GDP growth at around 3.0-3.5% real and 5.0-5.5% nominal, combined with these levels of uncertainty and strengthened corporate governance scrutiny, make them unwilling to take further risks. They remain focused on a strategy of adding capacity and brand building in both fast-growth geographic markets and functional markets, like digital, and containing or reducing capacity, perhaps with brand building to maintain or increase market share, in the mature, slow growth markets.

This approach also has the apparent virtue of limiting fixed-cost increases and increasing variable costs, although we naturally believe that marketing is an investment not a cost. We see little reason, if any, for this pattern of behaviour to change in 2015, with continued caution being the watchword. There is certainly no evidence to suggest any such change in behaviour so far in 2015, although one or two institutional investors are saying that they are tiring of some companies' total focus on short-term cost-cutting and would favour strategies based more on top-line growth.

Managing our risks

The Board has considered the principal risks and uncertainties affecting the Group as at 31 December 2014 and up to the date of this report. These are described in detail on pages 173 to 177.

Outlook for 2015 continues to be demanding

2015 looks to be another demanding year, although a weaker UK pound against a stronger US dollar might provide a modest currency tailwind and positive impact on profits, unlike the fierce currency headwind in 2014. The pattern for 2015 looks very similar to 2014, but with no maxi- or mini-quadrennial events like the Olympics, or FIFA World Cup or US Presidential Election (as there will be in 2016), to boost marketing investments.

Forecasts of worldwide real GDP growth still hover around 3.0 to 3.5%, with inflation of 2.0% giving nominal GDP growth of around 5.0 to 5.5% for 2015, although they have been reduced recently and may be reduced further in due course. Advertising as a proportion of GDP should at least remain constant overall, although it is still at relatively depressed historical levels, particularly in mature markets, post-Lehman. Advertising should grow at least at a similar rate as GDP, buoyed by incremental branding investments in the under-branded faster-growing markets.

Although both consumers and corporates seem to be increasingly cautious and risk averse, they should continue to purchase or invest in brands in both fast- and slow-growth markets to stimulate top-line sales growth. As the former leading chief investment officer of one of the largest investment institutions said perceptively, companies may be running out of ways of reducing costs and have to focus more on top-line growth. Merger and acquisition activity may be regarded as an alternative way of doing this, particularly funded by cheap long-term debt, but we believe clients may regard this as a more risky way than investing in marketing and brand and hence growing market share.

In 2015, our prime focus will remain on growing revenue and net sales faster than the industry average, driven by our leading position in the new markets, in new media, in Data Investment Management, including data analytics and the application of technology, in creativity and 'horizontality' – the increasing opportunities for coordination and co-operation between activities both nationally and internationally, and at a client and country level. New markets, new media and Data Investment Management account respectively for 30%, 36% and 21% of the Group's revenues of $19.0 billion, demonstrating the success of our strategic focus.

At the same time, we will concentrate on meeting our net sales margin objectives by managing absolute levels of costs and increasing our flexibility in order to adapt our cost structure to significant market changes and by ensuring that the benefits of the restructuring investments taken in 2014 continue to be realised.

The initiatives taken by the parent company in the areas of human resources, property, procurement, IT and practice development continue to improve the flexibility of the Group's cost base, while flexible staff costs (including incentives, freelance and consultants) remain close to historical highs of around 8% of net sales and continue to position the Group extremely well should current market conditions change.

The budgets for 2015 have been prepared on a cautious basis as usual (hopefully), but continue to reflect the faster-growing geographical markets of Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe and faster-growing functional sectors of Advertising, Media Investment Management and direct, digital and interactive to some extent moderated by the slower growth in the mature markets of Western Continental Europe. Our 2015 budgets show like-for-like revenue and net sales growth of over 3% and a target net sales margin improvement of 0.3 margin points before the impact of currency.

'In 2015, our prime focus will remain on growing revenue and net sales faster than the industry average, driven by our leading position in the new markets, in new media, in Data Investment Management, including data analytics and the application of technology, in creativity and 'horizontality''

Incentive plans for 2015 will continue to emphasise revenue, net sales and operating profit growth in conjunction with operating margin improvement, although objectives will continue to include qualitative Group objectives, including coordination and co-operation, talent management and succession planning.

At the time of writing, we have revenue and profit data for the first three months of 2015. The Group has had a good start to the year, with like-for-like revenue growth up over 5% in the first quarter and net sales up well over 2% on the same basis, again reflecting the divergence between revenue and net sales in the Group's Media and Data Investment Management businesses.

Net sales were up in all geographic regions on a like-for-like basis, with the UK and Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe up above the average. Advertising and Media Investment Management was the strongest sector, while Data Investment Management showed significant improvement compared with the final quarter of 2014. These trends are in line with our budgets, which also indicate a broadly steady rate of growth throughout the year, albeit with the usual conservatism in quarter four. Operating profits and margins for the first quarter were significantly above budget and last year.

Horizontality

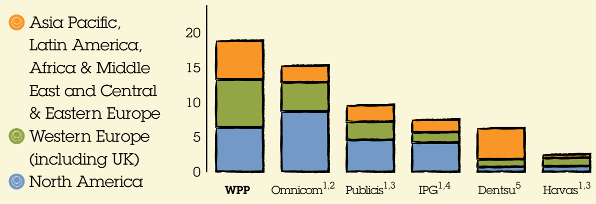
Including associates, the Group currently employs almost 179,000 full-time people (up marginally from the previous year) in over 3,000 offices in 111 countries. It services 355 of the Fortune Global 500 companies, all 30 of the Dow Jones 30, 71 of the NASDAQ 100, and nearly 830 national or multinational clients in three or more disciplines. Over 530 clients are served in four disciplines and these clients account for over 53% of Group revenue. The Group also works with nearly 430 clients in six or more countries.

These statistics reflect the increasing opportunities for horizontality – developing client relationships between activities nationally, internationally and by function. We estimate that well over a third of new assignments in the year were generated through the joint development of opportunities by two or more Group companies. Horizontality is clearly becoming an increasingly important part of our clients' strategies, particularly as they continue to invest in brand in slower-growth markets, and both capacity and brand in faster-growth markets.

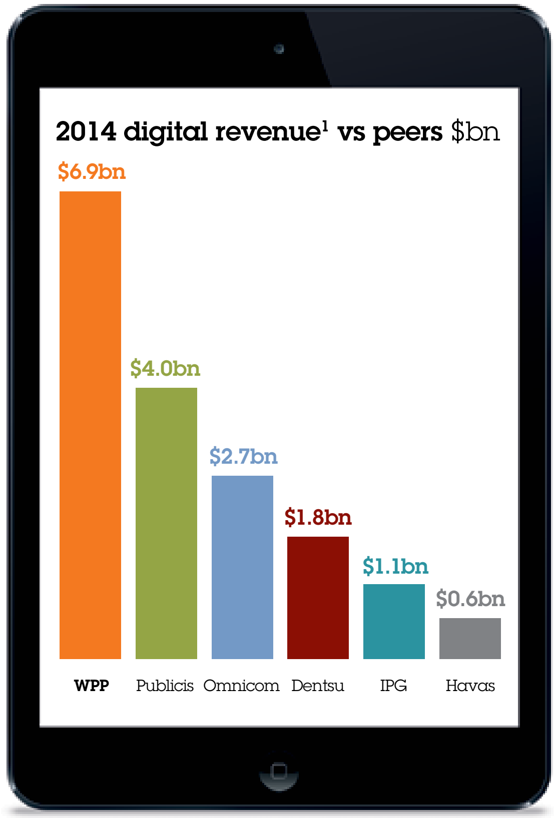
The Group continues to improve co-operation and coordination among its operating companies in order to add value to our clients' businesses and our people's careers, an objective which has been specifically built into short-term incentive plans. We may, in addition, decide that an even more significant proportion of operating company incentive pools are funded and allocated on the basis of Group-wide performance in 2015 and beyond. Last year, this modifier applied to one-sixth of incentive pools. In 2015 it will be one-third and may rise to 50% next year. Horizontality has been accelerated through the appointment of 46 Global Client Leaders for our major clients, accounting for over one-third of total revenue of $19 billion, and 16 Regional, Sub-Regional and Country Managers in a growing number of 'test' markets and sub-regions covering 50 out of 111 countries.

The Group continues to lead the industry in coordinating investment geographically and functionally through parent company initiatives and winning Group pitches. For example, the Group has been very, very successful in the recent wave of consolidation in the pharmaceutical and shopper-marketing industries and the resulting 'Team' pitches.

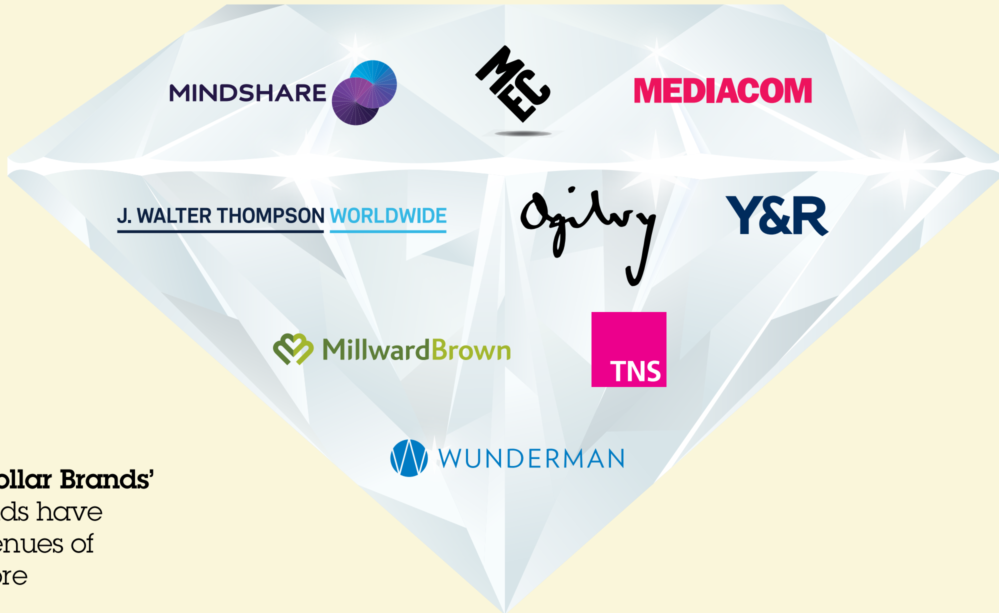
2014 revenue by geography versus peers $bn



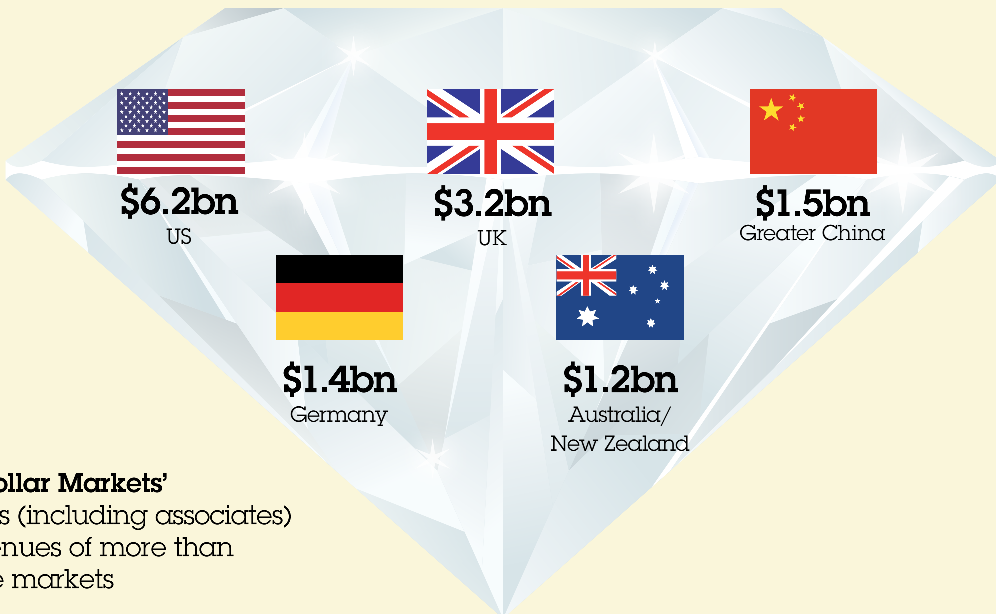
[1] Sourced from 2014 company presentations. Central & Eastern Europe estimated at 3% of revenue.
[2] Assumed non-Euro countries in Europe are 3% of revenue and Canada is 1.5% of revenue.
[3] Assumed $1=€0.754 based on the average for 2014.
[4] Assumed Canada is 1.5% of revenue.
[5] Dentsu based on disclosed pro forma group revenue splits against 2014 reported revenue.



[1] Peer digital revenue according to Sanford Bernstein percentages applied to FY US$ revenue.



Our 9 'Billion Dollar Brands'
Nine WPP brands have generated revenues of $1 billion or more



Our 5 'Billion Dollar Markets'
WPP companies (including associates) generated revenues of more than $1 billion in five markets

Four core strategic priorities

Our reason for being, the justification for WPP's existence, continues to be to add value to our clients' businesses and our people's careers. Our goal remains to be the world's most admired and respected communications services advisor to global, multinational, regional and local companies.

To that end, we have four core strategic priorities, as presented on pages 16 and 17.

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

If we implement this strategy effectively then our business will be geographically and functionally well-positioned to compete successfully and to deliver on our long-term financial targets:

- Revenue and net sales growth greater than the industry average.
- Annual improvement in net sales margin of 0.3 margin points or more, excluding the impact of currency, depending on net sales growth and staff cost-to-net sales ratio improvement of 0.2 margin points or more.
- Annual diluted headline EPS growth of 10% to 15% delivered through revenue and net sales growth, margin expansion, acquisitions and share buy-backs.

Our six specific objectives

Here are six objectives which represent our key performance indicators (KPIs). For an assessment of how we performed against them in 2014, read on.

1. Continue to improve operating margins on net sales.
2. Increase flexibility in the cost structure.
3. Use free cash flow to enhance share owner value and improve return on capital employed.
4. Continue to develop the value added by the parent company.
5. Emphasise revenue and net sales growth more as margins improve.
6. Improve still further the creative capabilities and reputation of all our businesses.

1 First, to continue to improve operating margins. In 2014, we achieved a margin of 16.7% on net sales, the highest-reported level in the industry.

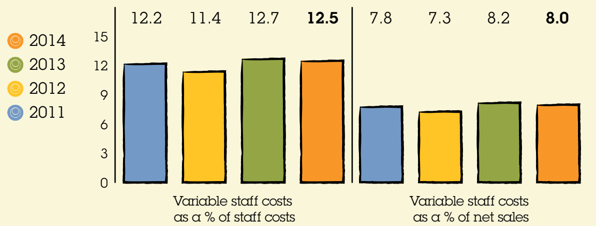
We continue to believe a margin of well over 19% on net sales, is a tough, but realistic, objective given that our best-performing companies in each services sector have already demonstrated they can perform at a combined Group margin of 18% on net sales.

The Group has embarked on a number of programs to improve operational effectiveness including process simplification, shared service centres, offshoring certain tasks to lower-cost markets and, where appropriate, outsourcing. We are consolidating IT infrastructure and services, and centralising systems development and applications to create efficiencies and focus investment.

These programs are projected to deliver a 1.0 margin point benefit (excluding the impact of currency) over the course of the next three to five years, with 2016 being the first year of significant delivery.

2 Second, to increase flexibility in the cost structure. In 2014, flexible staff costs (including incentives, freelance and consultants) remained close to historical highs of around 8% of net sales and continue to position the Group extremely well should current market conditions deteriorate.

Change in variable costs %

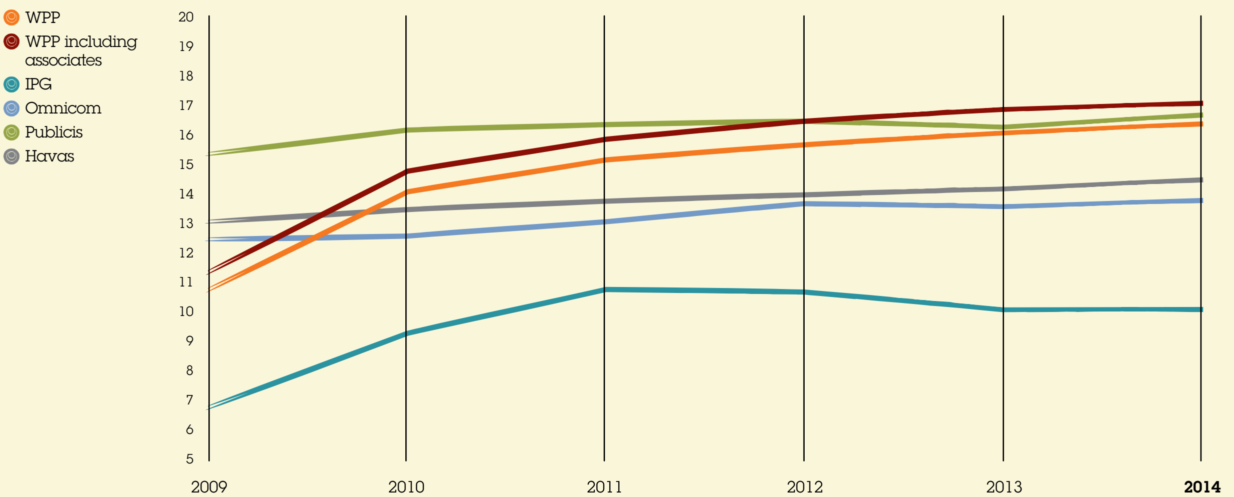


3 Third, to enhance share owner value and maximise the return on investment on the Company's substantial free cash flow of almost £1.2 billion (or almost $1.9 billion) per annum. As capital expenditure remains relatively stable, there are broadly three alternative uses of funds: acquisitions, share buy-backs and dividends. We have increasingly come to the view, based on co-operative research with leading investment institutions, that, currently, the markets favour consistent increases in dividends and higher sustainable pay-out ratios, along with anti-dilutive progressive buy-backs and, of course, sensibly-priced strategic acquisitions.

Mergers and acquisitions. There is still a very significant pipeline of reasonably priced small- and medium-sized potential acquisitions, with the exception of Brazil and India and digital in the US, where prices seem to have got ahead of themselves because of pressure on our competitors to catch up. This is clearly reflected in some of the operational and governance issues that are starting to surface elsewhere in the industry, particularly in faster-growing markets like Brazil, India and China.

Our acquisition focus in 2014 was again on the triple play of faster-growing geographic markets, new media and data investment management, and the application of new

Headline operating margins[1] vs peers %



[1] Based on headline operating profit as a proportion of net sales as defined on page 238, excluding share of results of associates. As our competitors do not disclose net sales, competitor operating margins have been calculated on a revenue basis, and sourced from relevant public filings.

technology and big data, totally consistent with our strategic priorities in the areas of geography, new communication services and measurability. In 2014, the Group spent over £460 million on initial acquisition payments, net of cash acquired and disposal proceeds.

In addition, and as mentioned above, two important technology partnerships were announced in the second half of 2014, underlining one of the Group's strategic objectives of developing data and applying technology to enhance clients' marketing effectiveness. Firstly, in September with AppNexus to strengthen the technology backbone of Xaxis. Secondly, in October, a similarly structured partnership with Rentrak to develop new techniques for off-line and digital television and film audience measurement. In both cases, the Group contributed technology assets and invested cash for significant minority interests. This approach enables the Group to effectively leverage its existing technology assets, without spending extravagant sums of cash in riskily structured transactions. A trifecta of these more measured partnerships was completed with comScore, the market leader in internet audience measurement, in February 2015. The objective here being to develop comScore's global network to become *the* standard for internet effectiveness measurement.

Whilst talent and creativity (in the broadest sense) remain the key differentiators between us and our competitors, increasingly differentiation can also be achieved in three additional ways: through the application of technology, for example, Xaxis and AppNexus; through integration of data investment management, for example, Kantar, Rentrak and comScore; and investment in content, for example, the Group's minority investments in Imagina, VICE, Media Rights Capital, Fullscreen, Indigenous Media, China Media Capital and, most recently, Bruin Sports Capital.

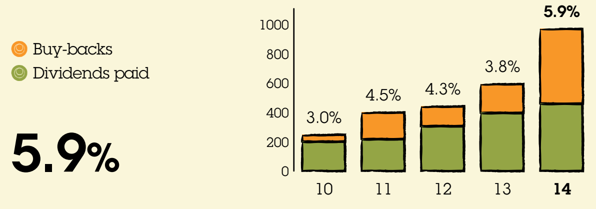
Net acquisition spend is currently targeted at around £300-£400 million per annum, excluding slightly more significant 'one-offs', like the purchase of a controlling stake in IBOPE in Latin America and the comScore transaction mentioned above. We will continue to seize opportunities in line with our strategy.

Dividends. As outlined in the June 2013 AGM statement, the Board gave consideration to the merits of increasing the dividend pay-out ratio from the then current level of around 40% to between 45% and 50%. Following that review, the Board decided to target a further increase in the pay-out ratio to 45% over the next two years and, as a result, declared an increase of 20% in the 2013 final dividend to 23.65p per share, which together with the interim dividend of 10.56p per share, made a total of 34.21p per share for 2013, an overall increase of 20%. This represented a dividend pay-out ratio of 42%, compared to a pay-out ratio of 39% in 2012.

Given your Company's strong progress, your Board has declared an increase of 12.4% in the 2014 final dividend to 26.58p per share, which together with the interim dividend of 11.62p per share, makes a total of 38.20p per share for the year, an overall increase of 11.7%. This represents a dividend pay-out ratio of 45%. Dividends paid in respect of 2014 will total approximately £500 million.

The achievement of the targeted 45% dividend pay-out ratio one year ahead of schedule now raises the question of whether the pay-out ratio should be raised further, a question your Board will be shortly considering.

Distributions to share owners[1] £m



[1] Sum of share buy-backs and dividends paid divided by average shares in issue for the relevant period, as a percentage of the average share price for the relevant period.

Share buy-backs. They continue to be targeted to absorb any share dilution from issues of options or restricted stock. However, given the recently-revised net sales margin target of 0.3 margin points improvement, the targeted level of share buy-backs will be 2-3% of the outstanding share capital. If achieved, the impact on headline diluted EPS would be equivalent to an incremental improvement of 0.2 margin points.

In addition, the Company also has considerable free cash flow to take advantage of any anomalies in market values, particularly as the average 2014 net debt to EBITDA ratio was 1.6 times, at the low end of our market guidance of 1.5-2.0 times. Share buy-backs in 2014 cost £511 million, representing 3.0% of issued share capital.

In 2014, the Company returned almost £1.0 billion to share owners, including share buy-backs, an increase of 63% over 2013. Funds returned to share owners total £2.65 billion over the last five years and £4.3 billion over the last 10 years.

4 Fourth, we will continue to develop the value added by the parent company and build unique integrated marketing approaches for clients. WPP is not just a holding company focused on planning, budgeting, reporting and financial issues, but a parent company that can add value to our clients and our people in the areas of human resources, property, procurement, IT and practice development, including sustainability. We will continue to do this through a limited group of 400 or so people at the centre in London, New York, Tokyo, Hong Kong, Singapore, Shanghai and São Paulo. This does not mean that we seek to diminish the strength of our operating brands, but rather to learn from one another. Our objective is to maximise the added value for our clients in their businesses and our people in their careers.

Many of our initiatives are possible because of the scale on which we now operate. In the optimum use of property, in IT and in procurement generally, we are able to achieve efficiencies that would be beyond the reach of any individual operating company. But it is also clear that there is an increasing requirement for the centre to complement the operating companies in professional development and client coordination. It is a relatively recent development for certain multinational marketing companies, when looking to satisfy their global communications needs, to make their initial approach not to operating companies, but directly to holding or parent companies.

Such assignments present major, and increasingly frequent, opportunities for the few groups of our size. It is absolutely essential that we have the professional resources and the practice development capability to serve such clients comprehensively, actively and creatively. Initiatives involving some of the world's largest marketers continue to gain momentum. The world's largest advertiser is itself integrating its efforts around brands, in the areas of advertising, media investment management, market research, packaging design and public relations. For our largest client, amongst others, we have implemented a seamless model, effectively a one-client agency within our Group. All our clients, whether global, multinational or local, continue to focus on the quality of our thinking, coordination of communications and price. In response, we focus on talent, structure and incentives.

Managing talent is the priority

Talent and its management therefore remain at the heart of our reason to be: that is what our clients pay us for. Development of our people and the way we manage that talent is a critical determinant of performance and on that critical dimension, we continue to make significant progress.

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

In developing highly-competitive incentives combined with extremely attractive working environments, we increasingly differentiate ourselves from our competitors and improve the attractiveness of WPP companies as destinations for talent. Our quarterly reviews with the operating companies have been structured to give more time and attention to talent and to clients. Our recruiting efforts throughout 2014 were especially fruitful as we successfully targeted and recruited top talent within and beyond our industry, often competing with investment banking, management consulting, new media and private equity offers. The war for talent is fierce and will intensify further, with ageing and lower birth rate demographic changes, and there is, therefore, more to be done.

The blueprint for our executive development curriculum has been completed, and our flagship client leadership training program, *Maestro*, now in its 12th year, is being continuously developed. The parent company and each of our operating companies have installed their own approach to performance assessment and succession planning, aimed at developing the careers of their people, improving the quality of feedback, coaching and mentoring they receive and providing for orderly succession. A senior management mentoring and development program, 'The X Factor', run by Charlotte Beers, the former chairman and CEO of Ogilvy & Mather and chairman of J. Walter Thompson, continues to prepare women for the next level of leadership in the Group and has been broadened and deepened.

In 2011, your Company teamed up with the Shanghai Art & Design Academy to establish the WPP School of Marketing and Communications. This jointly run school offers China's first professional marketing and communications three-year diploma program. This initiative continued in 2014, with the fourth intake of 100 students.

And in India, WPP has partnered with the Indian School of Design and Innovation to offer a three-year undergraduate course on marketing communications. The course will open later this year in Mumbai.

After 20 years, the WPP Fellowship program remains (surprisingly) the only multidisciplinary and multi-geographical recruitment and training initiative in the industry, with a lower acceptance rate than Harvard Business School's MBA program.

We continued to scrutinise and modify our compensation practices, both to offer competitive and appropriately based rewards to our people and to attract outstanding talent from elsewhere. This is a key strategic priority for us. Our competition is, sometimes, not so rigorous in evaluating and rewarding performance – for example, taking advantage of sharp falls in share prices to re-price or issue options or giving limited disclosure to investors of compensation plan details. A failure of external, as well as internal, audiences to understand the importance of globally competitive incentive-based compensation will undermine the Company's leadership position. After all, we invest well over $10 billion a year in human capital, as opposed to only $400 million in fixed assets – 25 times more.

Communications

We aim to be a model of excellent external and internal communications, through our websites, social media channels and in print. These include: frequent tweets and regular internal emails; a monthly public news e-bulletin and company *FactFiles*; our multi-awarded quarterly global newspaper and e-book, *The WIRE*; and our annual *Atticus Journal* of original thinking in communications services; as well as the promotion of Group initiatives such as the Atticus Awards and Worldwide Partnership Program, BrandZ studies, and our consistently-awarded Sustainability Reports and Annual Reports.

To support WPP's focus on horizontality, enhancements have been made to the directories and search engines on both our public website and Group intranet, enabling users to find quickly individual experts, client knowledge, company information and office locations via multiple devices. The Group intranet continues to undergo redevelopment and now holds an extensive database of WPP talent, as well as a comprehensive range of business and personal development resources.

In the first quarter of 2015, wpp.com was rated No.1 out of over 500 corporate websites assessed for accessibility by SiteMorse.

Property management

In 2014, we held growth in our core property portfolio to less than 1%, ending the year with 24.1 million square feet while average headcount grew by 3.7%. Cost per square foot rose by just over 4% in constant currency compared with net sales growth of over 6%; as a result, the establishment cost-to-net sales ratio dropped by 0.1 margin points to 7.1%, contributing to the Group's overall margin improvement.

In 2015, we will continue to focus on sustainability in our portfolio looking to achieve BREEAM standard in the UK and LEED standard in the US and similar standards elsewhere. We are also looking to reduce square foot per head as we take on new leases through better design and better use of space by introducing more 'agile working' and technology. Our goal is to continue to deliver excellent work space while reducing the establishment cost-to-net sales ratio to below 7%.

2015 will also see the launch of an internal workspace and design guide for our operating companies, a follow-up to our original award-winning Space Program real estate management resource.

Our operating companies' workplaces are often cited for their creativity and innovation. Recent accolades include Wunderman Sydney, who won the best Commercial Interiors category at the Sydney Design Awards.

Procurement

In procurement, our goal is to make savings, add value and minimise risk across all of WPP's external spend, with particular emphasis on opportunities to leverage our scale to the benefits of our clients and our companies.

In 2014, we continued to implement and develop a spend analytics system, which now provides supplier-level and category visibility of over $5 billion of external spend, across 12 of our largest markets – the US, Canada, the UK, Germany, France, Spain, Italy, China, India, Brazil, Mexico and South Africa. Access to data of this detail is now driving procurement opportunity assessment and new project activities across the Group. Also in 2014, we launched The Bridge Advanced Production Buying, a new initiative in advertising production procurement and the first of its kind in our industry. The procurement team has been re-organised to reflect the major opportunity areas.

For 2015, we will continue our focus on the key drivers of supplier cost. For indirect procurement, our goal remains to have a minimum of 50% supplier spend in each major country covered by WPP preferred suppliers and contracts, and for these preferred suppliers to work with us to deliver year-on-year value improvement.

Information technology

In 2014, we made huge progress in our project to consolidate and upgrade the Group's IT capabilities. We entered a strategic partnership agreement with IBM that will see the transformation of our core IT infrastructure and services, whilst also guaranteeing significant cost reductions over the term of the contract. This project went live in March 2015 with the transfer of service responsibility and approximately 2,000 people (including contractors) to IBM.

2015 will also be a significant year with the creation of a global IT function with an IT shared services organisation that will take over the direction and delivery of IT activity from our individual operating divisions. The creation of our global function and IT shared services will enable us to effectively manage IBM, make more efficient use of IT resources across the Group and improve overall service delivery.

Practice development

In practice development we continue to develop horizontal initiatives in a focused set of high-potential areas across our vertical operating brands: in Media Investment Management, healthcare, sustainability, government, new technologies, new markets, retailing, shopper marketing, internal communications, financial services and media and entertainment. Specifically, we continue to invest in sharing insights and developing initiatives through WPP Digital (in digital marketing and media), The Store (in distribution and retail) and our Government & Public Sector Practice.

In key geographic markets we are increasingly coordinating our activities through WPP Regional, Sub-Regional and Country Managers. We continue to believe that increasing coordination is required between our brands at global and country levels, as the arguments for investment in regional management become weaker, partly because of improved technology. In addition, we have increased the number of WPP Global Client Leaders to coordinate our efforts on behalf of clients and to ensure they receive maximum benefit from their relationships with WPP regional operating brands.

Furthermore, we continue to encourage internal strategic alliances and promote co-operation. Practice development initiatives have therefore been reinforced in such areas as healthcare, retail, internal communications, corporate sustainability and media and entertainment. This has been especially important in developing our portfolio of direct investments in new media under WPP Digital and WPP Ventures and where our investments are working with our agencies and people to bring new technology capabilities and understanding to our clients.

All these initiatives are designed to ensure that we, the parent company, really do (as well as being perceived to) inspire, motivate, coach, encourage, support and incentivise our operating companies to achieve their strategic and operational goals.

5 Fifth, to emphasise revenue and net sales growth more as margins improve. One legitimate criticism of our performance against the best-performing competition has been our comparative level of organic revenue growth, although the methods used to calculate rates of organic growth 'vary' to say the least and we may have put too much emphasis on margin improvement. Encouragingly, our like-for-like revenue growth of 8.2% led the industry in 2014. Net sales growth on the same basis of 3.3% was (we believe) more than respectable, given there is no standard reporting practice and so accurate comparisons with our competitors is not currently possible. Investment analysts – please demand this disclosure! Our net sales margin of 16.7% in 2014 was the highest reported level in the industry. We continue to believe that profitable growth is preferable to sacrificing margins.

Estimated net new business billings of £5.8 billion (over $9 billion) were won in 2014, with the Group placed first in net new business tables for the third year in a row. The Group continues to benefit from consolidation trends in the industry, winning assignments from existing and new clients, including several very large industry-leading advertising, digital, media, pharmaceutical and shopper marketing assignments. These wins partly benefited the second half of 2014, but the full benefit will be seen in 2015.

Our practice development activities are also aimed at helping us position our portfolio in the faster-growing geographic and functional areas. The Group completed 65 acquisitions and investments in 2014: 36 were in new markets; 53 in quantitative and digital; and one in Healthcare Communications in the US. Of these, 25 were in both new markets and quantitative and digital.

Specifically, in 2014, acquisitions and increased equity stakes were completed in Advertising and Media Investment

Management in Canada, the US, the UK, France, the Netherlands, Poland, Russia, Turkey, the Middle East, South Africa, Peru, Australia, China, India and Vietnam; in Data Investment Management in the US, the UK, France, Italy, the Netherlands, Romania, Spain, the Kingdom of Saudi Arabia and the United Arab Emirates; in Public Relations & Public Affairs in China; in direct, digital and interactive in the US, the UK, China and Vietnam; and in Healthcare Communications in the US.

So far in 2015, the Group has made acquisitions or increased equity interests in Data Investment Management in the US; in direct, digital and interactive in Peru, Sweden and the US; in sports marketing in the US; and in Healthcare Communications in Australia.

These acquisitions continue to target our previously-described strategic priorities; expanding the share of revenues of our businesses in Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe to 40-45%; in new media to 40-45%; and in Data Investment Management, direct, digital and interactive, to one-half.

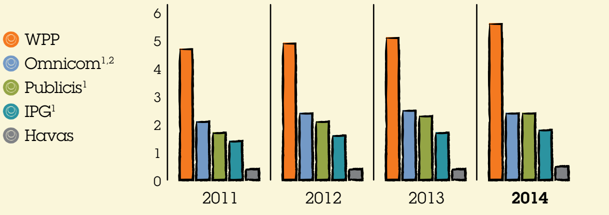
Expansion plans

We intend to expand our strong networks – J. Walter Thompson, Ogilvy & Mather, Y&R, Grey, Bates CHI&Partners, Scangroup, Mindshare, MEC, MediaCom, Maxus, tenthavenue, TNS, Millward Brown, Kantar Media, Kantar Health, Kantar Retail, Kantar Worldpanel, Hill+Knowlton Strategies, Ogilvy Public Relations, Burson-Marsteller, Cohn & Wolfe, Brand Union, Landor, FITCH, Ogilvy CommonHealth Worldwide, Sudler & Hennessey, ghg, OgilvyOne Worldwide, Wunderman, Geometry Global, POSSIBLE and AKQA – in high-growth markets or where their market share is insufficient.

We will also enhance our leadership position in Data Investment Management by further development of our key brands with particular emphasis on North America, Asia Pacific, Latin America and Continental and Eastern Europe. We will continue our growth of research panels and have established a Kantar-wide operational capability. We will reinforce our growing position in media research through Kantar Media, which includes our investments in television and internet audience research and IBOPE, Marktest and CSM/CTR, which, combined, is the market leader outside North America. We currently measure television and/or internet audiences in 49 markets around the world.

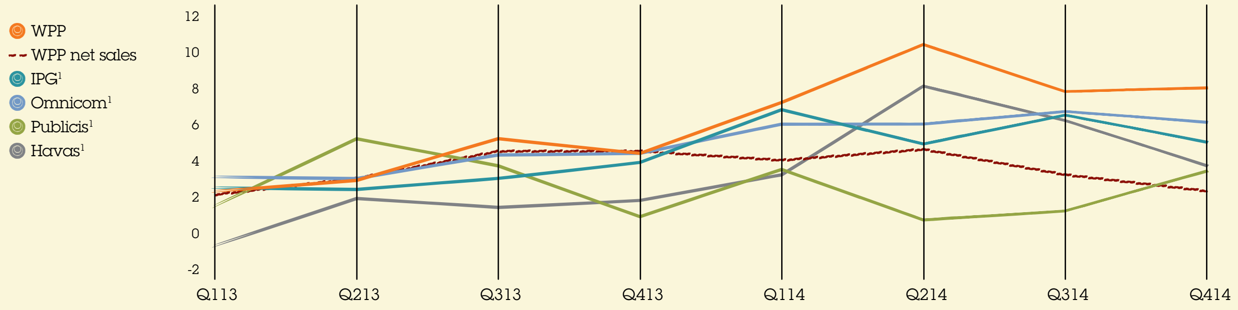
In addition, we intend to reinforce our worldwide strength in direct and interactive marketing and research through our traditional channels such as Wunderman, OgilvyOne Worldwide, Geometry Global, Blanc & Otus and Lightspeed. We will also invest directly in new channels through start-ups, particularly as US and French valuations in search, for example, are still

Revenue in faster-growing markets 2011-2014 $bn



[1] Peer data sourced from annual results translated at average exchange rate for the year.
[2] Assumed non-Euro countries in Europe are 3% of revenue and Canada is 1.5% of revenue.

Organic revenue growth vs peers %



[1] Peer data sourced from company presentations.

prohibitive. Other opportunities will be sought to enhance our online capabilities.

Lastly, we will continue to develop our specialist expertise in areas such as healthcare, retail and interactive and to identify new high-growth areas.

Creativity remains paramount

6 Sixth, to build on, still further, the impressive creative reputation WPP now enjoys globally.

The creative capability of the Group is led by John O'Keeffe, WPP's worldwide creative director. John reminds us constantly that while many issues facing WPP are very important – margin growth, acquisitions, geographical spread and the like – the creative quality of the work will always be priority No.1. We live or die by the ideas we deliver to our thousands of clients: design ideas, media and digital ideas, consumer insights and, of course, Millward Brown's influential BrandZ studies and Y&R's equally influential BrandAsset® Valuator.

Training and development programs remain a key focus, as of course does the judicious use of our M&A skills to identify the best and most like-minded creative businesses to join us.

In 2014, we celebrated our eighth annual internal WPPED Cream awards, showcasing what we consider our very best work. wppedcream.com is a key online destination website for anyone searching for the very best in marketing creative excellence.

For those of us concerned with marketing that actually works, it's common to say that, in order to be effective, you need to be creative. Maybe we should start saying that in order to be creative you need to be effective. Because we do appear to have proven both tenets. For a record fourth time in a row, our peers across the entire industry voted WPP Creative Holding Company of the Year at the Cannes International Festival of Creativity. Meanwhile, a similarly diverse Effies jury has just named WPP the Most Effective Holding Company, again for a fourth consecutive year. Congratulations to all the WPP companies throughout the world for another amazing year.

Sustainability matters

The Group's commitment to, and investment in, sustainability initiatives supports major business wins. We estimate that clients who engaged with WPP on our approach to sustainability were worth £1.35 billion out of our total revenues of £11.5 billion to the Group in 2014.

We are in business for the long term and, like all leading companies today, we recognise our responsibilities to clients, our people and the world at large. Sustainability at WPP cuts across all areas of our business: from the work we do for clients, to the time we donate to causes through pro bono work, the way we run our Company and look after our people, and our commitment to respect human rights. Sustainability issues are ever more important to our clients, and our own track record gives us credibility as advisors on these topics.

"Sustainability at WPP cuts across all areas of our business"

A summary of the Group's approach to sustainability can be found on pages 159 to 165, including our commitment to respect human rights on page 164. Please also see our annual Sustainability Report on the work our clients and our people do in this important area.

Sustainability performance summary

	2014	2013	2012
Value of client business supported by our sustainability credentials[1]	**£1.35bn**	£1.26bn	£0.77bn
Gender diversity (% full-time female employees)	**54%**	54%	54%
Gender diversity (% female executive leaders)	**31%**	32%	32%
Investment in training and welfare	**£73.9m**	£64.4m	£57.8m
Carbon footprint (tonnes of CO_2 per employee)	**2.26**	2.35	2.45
Social contribution[2]	**£46.9m**	£39.4m	£30.5m

[1] Value of clients who requested information on our sustainability policies and performance through their supplier management process.
[2] Includes free media space donations.

And finally...

When WPP advertises for applicants to its annual Fellowship program, the headline reads, *Ambidextrous Brains Required*. Some people say they do not know what that means; but all those in whom WPP would be particularly interested understand immediately.

More than in most occupations, to be successful in marketing communications, you need not only to be able to speculate with unrestrained imagination, but also to scrutinise concepts and ideas with a forensic rigour. The normal shorthand is to say that exceptional marketing is part science and part art: and, as shorthand, that is probably true. It is more and more widely recognised that strong and profitable brands appeal at least as much to the emotions as they do to the reason. Effective brand communicators are those who instinctively understand that truth and delight in working with it.

In a report of this kind, a year's achievements, if only for fiduciary reasons, have to be expressed almost entirely in terms of numbers. But it must never be forgotten that those numbers are the end product of the personal achievements of tens of thousands of individual people; and people, what's more, of unusual talent. They have ambidextrous brains; that is why our clients come to us; and why they deserve our gratitude and very public recognition.

Philip Lader
Chairman

Sir Martin Sorrell
Group chief executive

Paul Richardson
Group finance director

Forward-looking statements

In connection with the provisions of the Private Securities Litigation Reform Act of 1995 (the 'Reform Act'), the Company may include forward-looking statements (as defined in the 'Reform Act') in oral or written public statements issued by or on behalf of the Company. These forward-looking statements may include, among other things, plans, objectives, projections and anticipated future economic performance based on assumptions and the like that are subject to risks and uncertainties. As such, actual results or outcomes may differ materially from those discussed in the forward-looking statements. Important factors which may cause actual results to differ include but are not limited to: the unanticipated loss of a material client or key personnel, delays or reductions in client advertising budgets, shifts in industry rates of compensation, regulatory compliance costs or litigation, natural disasters or acts of terrorism, the Company's exposure to changes in the values of other major currencies (because a substantial portion of its revenues are derived and costs incurred outside of the UK) and the overall level of economic activity in the Company's major markets (which varies depending on, among other things, regional, national and international political and economic conditions and government regulations in the world's advertising markets). In addition, you should consider the risks described under the heading Principal risks and uncertainties on pages 173 to 177, which could also cause actual results to differ from forward-looking information. In light of these and other uncertainties, the forward-looking statements included in this document should not be regarded as a representation by the Company that the Company's plans and objectives will be achieved. The Company undertakes no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.