

WPP 2022 results show positive outlook for the industry

WPP has released its full year and Q4 financial results showing a positive outlook for the industry driven by complexity, new opportunities and client demand, with the ad group forecasting between 3% and 5% growth in 2023.



Source © City A.M. [City A.M.](#) WPP has released its full year and Q4 financial results showing a positive outlook for the industry

Campaign UK reports that with profit up 22%, the ad group will also pay out £424m in annual bonuses.

In a release on its site, WPP's CEO, Mark Read, says: "WPP delivered strong growth in 2022, despite the macro challenges, reflecting the priority placed by our clients on investing in communications, customer experience, commerce, data and technology."

Commenting on 2023, Read states: "We enter 2023 in a strong financial position with good momentum from new business and the many opportunities ahead of us.

He adds: "While there will no doubt be challenges, the continued need for major companies to build brands, sell products, reinvent and transform their business, understand their data, invest in technology and exploit the potential of AI remains, as does their need for modern partners who can help them navigate this new world."

Competitiveness and transformation

The release states that the business has made significant progress in transforming and simplifying our business to deliver margin improvement.

“The competitiveness of our offer drove net new business of \$5.9bn in 2022, including new assignments with Audible, SC Johnson, and Verizon among many others and the quality of our work was recognised at the Cannes Lions Festival of Creativity where WPP was named Creative Company of the Year,” says Read.

“Our transformation is now delivering measurable results,” he adds.

“Over the past three years, WPP has grown like-for-like net sales at a compound average rate of 3.2%, including 3.3% in North America, while improving our headline operating profit margin by 40 basis points.

“Our adjusted net debt has declined from over £4 billion at the end of 2018 to £2.5bn, while over £3.4bn has been returned to shareholders via share buybacks and dividends,” he says.

Results highlights

• Agencies and businesses

There were strong performances across major WPP agencies. Like for Like (LFL) revenue less pass-through costs growth of 3 to 5%, and further margin improvement reflecting continued operating leverage, to deliver a headline margin of around 15% (excluding the impact of FX).

• Public Relations

All PR business grew in Q4 and 2022, with PR delivering 8.2% LFL growth. The increasing importance of reputation, purpose-related and ESG assignments are key growth drivers. There was a strong performance from H+K, that saw double-digit growth in 2022 and H+K is now the pre-eminent global player in Latin America following acquisition of JeffreyGroup.

• Specialist agencies

Delivering five percent LFL growth, WPP Specialist agencies showed strong growth over all businesses. CMI (Healthcare media) delivered double-digit growth in 2022 as did Landor & Fitch from CPG and Technology clients. FY LFL growth was +9.1% excluding impact of a Covid-related contract in Germany in 2021. Design Bridge and Superunion merged to create Design Bridge and Partners in January 2023.

• Creative agencies

Global integrated agencies (GIA), which includes Ogilvy, Wunderman Thompson, VMLY&R, AKQA, and Hogarth made up five per cent of LFL growth, and GroupM 2022 with FY LFL revenue less pass-through costs growth of +9.1. Over £1.1bn returned to shareholders in 2022 comprising £807m of share buybacks completed and £365m of dividends paid.

• Transformation

There were transformation programme gross annual savings of around £375m against a 2019 base are ahead of the planned £300m, with savings in property, procurement and ways of working, enabling additional investment in talent for growth areas. The group is on track to reach target of £600m by 2025.

Highlights include:

People

- Invested in Future Readiness Academies
- Extended Mental Health Allies programme – 550 trained Allies
- Appointed chief talent and inclusion officer

Planet

- Industry-leading net zero commitment
- Media decarbonisation initiative: client coalition of leading advertisers
- Leading ESG rating

Communities

- Ukraine: raised \$1.4m for UN Refugee Agency
- Similar campaigns for Pakistan, Turkey and Syria
- Racial Equity Programme: funding initiatives that advance racial equity

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