

# Financial glossary

Term used in Annual Report	US equivalent or brief description
Allotted	Issued
ADRs/ADSs	American Depositary Receipts/American Depositary Shares. The Group uses the terms ADR and ADS interchangeably. One ADR/ADS represents five ordinary shares
Average net debt and net debt	Average net debt is calculated as the average daily net borrowings of the Group. Net debt at a period end is calculated as the sum of the net borrowings of the Group, derived from the cash ledgers and accounts in the balance sheet
Billings	Billings comprise the gross amounts billed to clients in respect of commission-based/fee-based income together with the total of other fees earned
Called-up share capital	Ordinary shares, issued and fully paid
Constant currency	The Group uses US dollar-based, constant currency models to measure performance. These are calculated by applying budgeted 2015 exchange rates to local currency reported results for the current and prior year. This gives a US dollar-denominated income statement which exclude any variances attributable to foreign exchange rate movements
ESOP	Employee share ownership plan
Estimated net new billings	Net new billings represent the estimated annualised impact on billings of new business gained from both existing and new clients, net of existing client business lost. The estimated impact is based upon initial assessments of the clients' marketing budgets, which may not necessarily result in actual billings of the same amount
EURIBOR	The euro area inter-bank offered rate for euro deposits
Finance lease	Capital lease
Free cash flow	Free cash flow is calculated as headline operating profit before non-cash charges for share-based incentive plans, depreciation of property, plant and equipment and amortisation of other intangible assets, including dividends received from associates, interest received, investment income received, proceeds from the issue of shares, and proceeds from the disposal of property, plant and equipment, less corporation and overseas tax paid, interest and similar charges paid, dividends paid to non-controlling interests in subsidiary undertakings, purchases of property, plant and equipment and purchases of other intangible assets
Freehold	Ownership with absolute rights in perpetuity
Headline earnings	Headline PBT less taxation (excluding tax charge/deferred tax relating to gains on disposals of investments and subsidiaries, deferred tax impact of the amortisation of acquired intangible assets and other goodwill items and tax credit relating to restructuring costs)
Headline EBITDA	Profit before finance income/costs and revaluation of financial instruments, taxation, investment gains/losses and write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of intangible assets, IT asset write-downs, share of exceptional losses/gains of associates, depreciation of property, plant and equipment, losses/gains on remeasurement of equity interest on acquisition of controlling interest and Group restructuring costs
Headline operating profit	PBT excluding share of results of associates before investment gains/losses and write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, gains/losses on remeasurement of equity interest on acquisition of controlling interest, IT asset write-downs and Group restructuring costs

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<b>Headline PBIT</b>	Profit before finance income/costs and revaluation of financial instruments, taxation, gains/losses on disposal of investments and subsidiaries, investment write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, Group restructuring costs, IT asset write-downs, share of exceptional gains/losses of associates and gains/losses on remeasurement of equity interest on acquisition of controlling interest
<b>Headline PBT</b>	Profit before taxation, gains/losses on disposal of investments and subsidiaries, investment write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, Group restructuring costs, IT asset write-downs, share of exceptional gains/losses of associates, gains/losses arising from the revaluation of financial instruments, and gains/losses on remeasurement of equity interest on acquisition of controlling interest
<b>IFRS/IAS</b>	International Financial Reporting Standard/International Accounting Standard
<b>LIBOR</b>	The London inter-bank offered rate
<b>Net sales/Net sales margin</b>	Net sales are revenue less direct costs. Net sales margin is calculated as headline PBIT (defined above) as a percentage of net sales. The Group has previously used the terms gross margin and gross profit to refer to net sales.
<b>OCI</b>	Consolidated statement of comprehensive income
<b>Operating margin</b>	Headline PBIT as a percentage of net sales
<b>Profit</b>	Income
<b>Profit attributable to equity holders of the parent</b>	Net income
<b>Pro forma ('like-for-like')</b>	Pro forma comparisons are calculated as follows: current year, constant currency actual results (which include acquisitions from the relevant date of completion) are compared with prior year, constant currency actual results, adjusted to include the results of acquisitions for the commensurate period in the prior year. The Group uses the terms 'pro forma' and 'like-for-like' interchangeably
<b>Sarbanes-Oxley Act</b>	An Act passed in the US to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws, and for other purposes
<b>Share capital</b>	Ordinary shares, capital stock or common stock issued and fully paid
<b>Share premium account</b>	Additional paid-in capital or paid-in surplus (not distributable)
<b>Shares in issue</b>	Shares outstanding
<b>UK Corporate Governance Code</b>	The UK Corporate Governance Code published by the Financial Reporting Council dated September 2014