

# How we're doing

## Financial summary

	2012	2011	Change %
Billings <sup>1</sup>	£44,405m	£44,792m	-0.9
Revenue	£10,373m	£10,022m	+3.5
Headline EBITDA <sup>2</sup>	£1,756m	£1,640m	+7.0
Headline operating profit <sup>2</sup>	£1,459m	£1,365m	+6.9
Reported operating profit	£1,241m	£1,192m	+4.1
Headline PBIT <sup>2</sup>	£1,531m	£1,429m	+7.1
Headline PBIT margin <sup>2</sup>	14.8%	14.3%	+0.5
Headline PBT <sup>2</sup>	£1,317m	£1,229m	+7.2
Reported PBT	£1,092m	£1,008m	+8.3
Headline earnings <sup>2</sup>	£966m	£882m	+9.5
Reported earnings	£823m	£840m	-2.0
Headline diluted earnings per share <sup>2,4</sup>	73.4p	67.7p	+8.4
Reported diluted earnings per share <sup>4</sup>	62.8p	64.5p	-2.6
Ordinary dividend per share	28.51p	24.60p	+15.9
Ordinary dividend per ADR <sup>3</sup>	\$2.26	\$1.97	+14.7
Net debt at year-end	£2,821m	£2,465m	+14.4
Average net debt <sup>5</sup>	£3,203m	£2,811m	+13.9
Ordinary share price at year-end	888.0p	675.5p	+31.5
ADR price at year-end	\$72.90	\$52.23	+39.6
Market capitalisation at year-end	£11,237m	£8,554m	+31.4
<b>At 17 April 2013</b>			
Ordinary share price	1,027.0p		
ADR price	\$78.57		
Market capitalisation	£13,003m		

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

<sup>1</sup> Billings is defined on page 226.

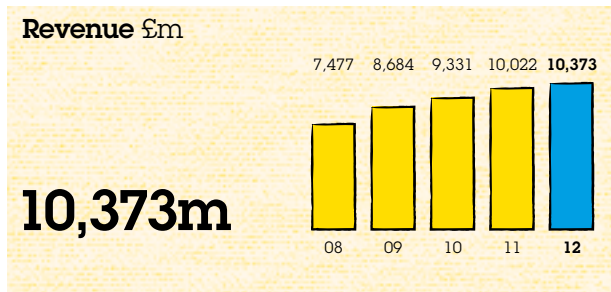
<sup>2</sup> The calculation of 'headline' measurements of performance (including headline EBITDA, headline operating profit, headline PBIT, headline PBT and headline earnings) is shown in note 31 of the financial statements.

<sup>3</sup> One American Depositary Receipt (ADR) represents five ordinary shares. These figures have been translated for convenience purposes only using the income statement exchange rates shown on page 180. 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.

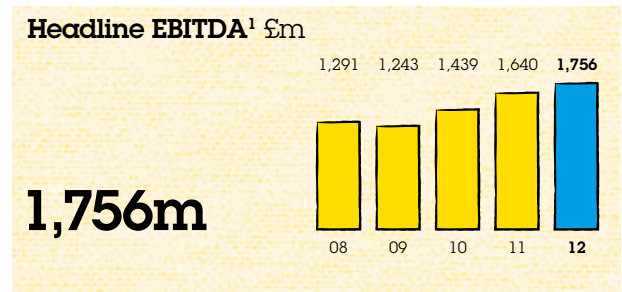
<sup>4</sup> Earnings per share is calculated in note 9 of the financial statements.

<sup>5</sup> Average net debt is defined on page 226.

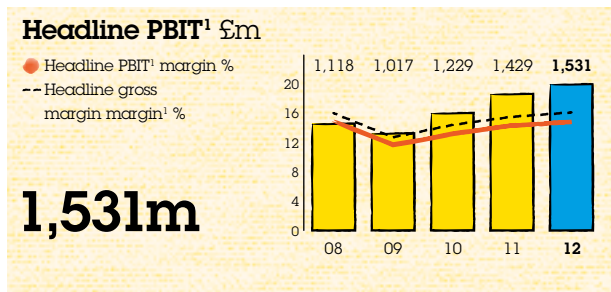
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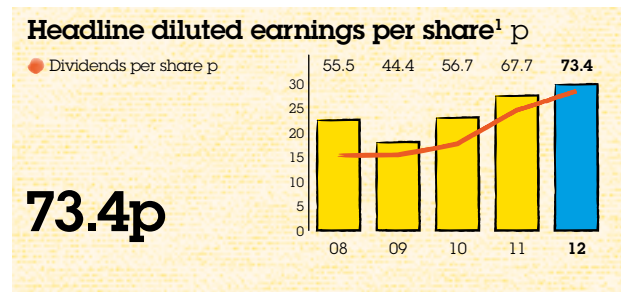
Reported revenue was up 3.5% at £10,373 million. On a constant currency basis, revenues were up 5.8% and, on a like-for-like basis, revenues were up 2.9% and gross margin up 2.4%.



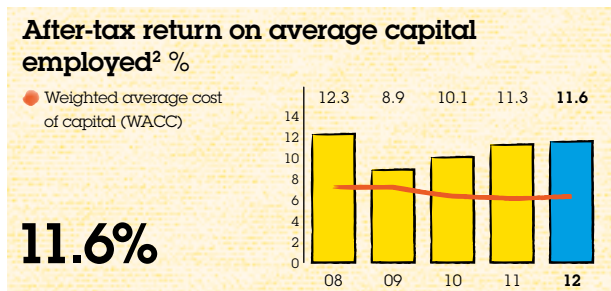
Headline EBITDA (headline earnings before interest, taxation, depreciation and amortisation) rose by 7.0% to over £1.7 billion (\$2.8 billion).



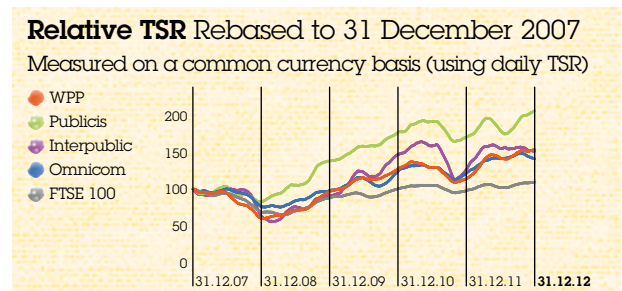
Headline PBIT margin was 14.8% in 2012 against 14.3% in 2011. Headline PBIT was up 7.1% to £1,531 million.



Headline diluted earnings per share were up over 8% to 73.4p. Dividends were up almost 16% to 28.51p per share, a record level.



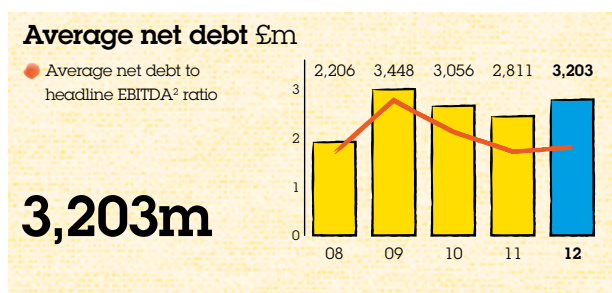
After-tax return on average capital employed rose to 11.6%, with the weighted average cost of capital rising to 6.3%.



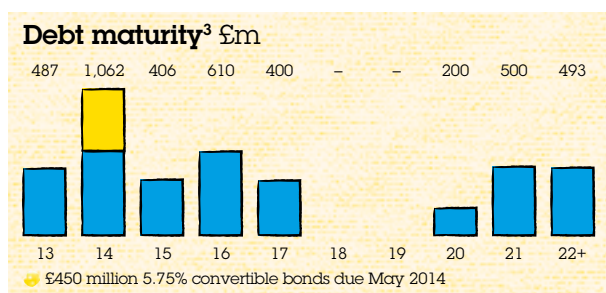
WPP out-performed the FTSE 100 Index and continued to do well against its competitors.

<sup>1</sup> The calculation of 'headline' measurements of performance (including headline EBITDA, headline PBIT and headline earnings) is shown in note 31 of the financial statements. Headline gross margin margin is defined on page 226.

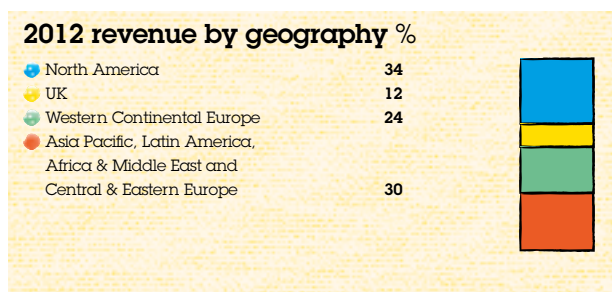
<sup>2</sup> Calculated gross of goodwill and using profit after taxation before investment gains/losses and write-downs, goodwill impairment and other goodwill write-downs, revaluation of financial instruments, amortisation and impairment of acquired intangible assets, share of exceptional losses/gains of associates, costs incurred in 2008 in changing the corporate structure of the Group; and, in 2012, the gain on sale of freehold property in New York, Group restructuring costs and costs incurred in changing the corporate structure of the Group, and adjusted to reflect taxes and net finance costs paid.



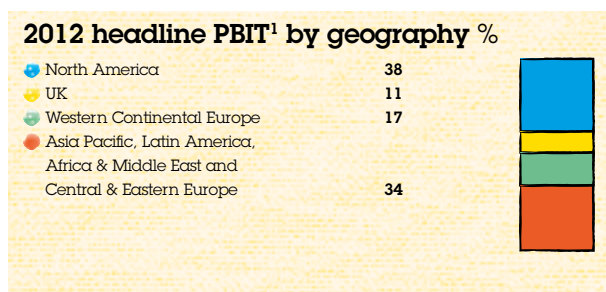
Net debt averaged £3.2 billion in 2012, up £0.4 billion at 2012 exchange rates. The average net debt to headline EBITDA ratio was 1.8 times, well within the Group's current target range of 1.5-2.0 times.



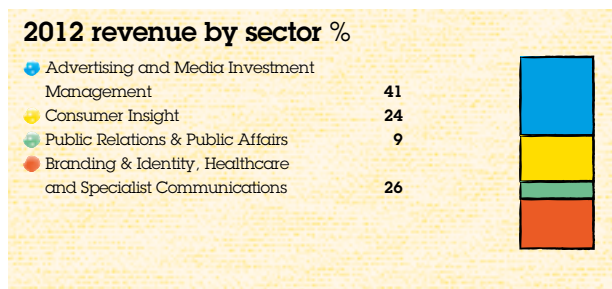
The Group continues to work to achieve continuity and flexibility of funding. Undrawn committed borrowing facilities are maintained in excess of peak net-borrowing levels and debt maturities are monitored closely.



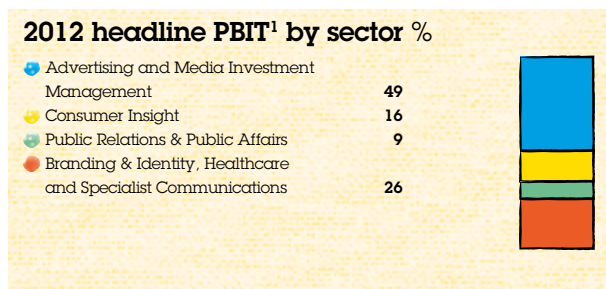
In 2012, 30% of the Group's revenues came from Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe, 0.6 percentage points higher compared with the previous year.



Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe showed strong margin growth in 2012 and now account for 34% of the Group's headline PBIT.



Marketing services comprised almost 60% of our revenues in 2012, a similar proportion to 2011. The strongest performing sector was Advertising and Media Investment Management with like-for-like revenue growth of over 5%.



PBIT contributions were broadly in line with revenues, with Advertising and Media Investment Management showing significant margin growth.

<sup>1</sup> The calculation of headline PBIT is set out in note 31 of the financial statements.

<sup>2</sup> The calculation of headline EBITDA is set out in note 31 of the financial statements.

<sup>3</sup> Includes corporate bonds, convertible bonds and bank loans payable at par value, excluding any redemption premium due, by due date.