

WPP PRODUCTION INVESTOR EVENT

WPP Production Devon's Point Studio

Investor Event Transcript

Wednesday, 23 September 2026

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Thomas Singlehurst***Group Investor Relations Director, WPP*****[WPP PRODUCTION INTRODUCTION VIDEO PLAYS]**

My name is Tom Singlehurst, and I head up Investor Relations for WPP and welcome to Devon's Point. Thank you very much for making the trip out to East London. I hope by the end of the afternoon you'll agree that it was very much worth the journey.

I'm going to be joined this afternoon by Richard Glasson, Global CEO of WPP Production, and Laurel Wooten, Global CFO of WPP Production. A number of you would have met Richard at our event in Cannes in June. Now, before I hand over to Richard for some introductory remarks, I want to make a handful of points just to kick off the session.

The first is to put it in context. When we laid out Elevate28 in February, we set four objectives as part of that strategy: the first is to drive superior growth for clients, to become a simpler, more integrated company, to leverage WPP Open for competitive advantage, and to create firm financial foundations for the future.

Underneath those priorities sit the building blocks we're investing behind and to recap on those: the first was 'lead with media and data at the heart of an integrated offering', 'establish next-generation creative and production capabilities', and then thirdly, 'elevate enterprise solutions to partner on AI transformation' and the significance of that is that it maps onto the investor events we've planned and are delivering over the course of the year.

We took you through WPP Media in June, we used the session in Cannes to double click a bit on WPP Creative. We will be talking about Enterprise Solutions later in the year, most likely in early December. But today is an opportunity to really have a look at what's happening under the hood at WPP Production.

In keeping with those earlier sessions though, the aim for today is really to bring to life what we're trying to achieve — it's not a financial presentation, we're not going to be talking about financial performance or the immediate outlook, please bear that in mind when we do the Q&A. There are some safe harbour statements if you want them, I've got a copy, so I'm very happy to share if you're interested, but it's going to be largely an introduction to really, how this business works and what we're doing in this particular facility.

With that, parish notices over, I'm going to hand over to Richard. Thank you very much.

Richard Glasson***Chief Executive Officer, WPP Production***

Thanks, Tom. Welcome to Devon's Point. We're delighted that you took time out of your busy schedules to come here and see us. Tom tells me that following media and

associated industries doesn't always get you the best field trips, so hopefully this will be an interesting afternoon and you can see really what it is that we do here.

A couple of key messages that we wanted to get across is that — counterintuitively, and ironically — in a time when everyone is wondering about what AI does to the world of production and to the roles within production, what we're in here is the physical embodiment of really what the impact is for us: which is, investing in new infrastructure, investing in new technology and, crucially, investing in new talent and new people, a number of whom you'll meet today. We're obviously delighted that this is investing in this part of London, and we've had very good noises from the government about the message it sends, about being able to invest in the creative economy in the UK, particularly, we would say very much powered by AI, which you'll see come to life.

When we do the show around after this panel discussion, we'll take you to a few different demos, you'll see that each one has a purpose; each one is designed to bring to life a different technology, a different way of working, a different idea, so that's why we're holding the Q&A back, because hopefully it will spark some interest and some thoughts.

More widely, the question is: 'why build this, at this time?' The answer is because we believe the fundamentals of our part of the industry, the production part of the industry, are changing dramatically and very dynamically at the moment, powered by technology, powered by different ways of working. We believe that is an extremely positive direction of travel for us as a business, because of our ability to invest at scale, because of our ability to lead the disruption of the market, and the opportunity that that gives us to capture a larger share of wallet of our clients, which should continue to fuel our growth.

Finally, as I'm sure Charlotte will say when you meet her later, what you're going to see today is the starting point on this journey. Today you'll see some real traditional shooting using high craft; you'll see some absolutely cutting-edge, only available three weeks ago AI; and you'll see virtual production, which has been used in the TV and movie industries for quite a long time but has struggled to break through in the advertising arena for reasons we can discuss, but I think that now is its moment. But also what there is here, which you'll see a bit less of, is we have true end-to-end capability. We have VFX pipelines, we have CG teams, we have colour grading, editing, animating — it's a real making environment and I think that, again, it's almost going back to the future: we believe that this acts as a facility that WPP and WPP Production have built, but we built it for the whole of WPP, because we believe that it's that point of making around which the integration that all our clients are demanding, really coalesces.

So we'll have people from WPP Creative working here, bringing their clients here, seeing the work come to life in real time. We already have people from WPP Media spending a lot of time here to understand how we're adapting work for specific audiences. You'll see an example in there where we can shoot in the morning and we can be distributing to social media in the afternoon. It's a very different cadence of working, and we think that's where the industry is going. So we're very excited about what this facility represents — the first of a number that we're looking to build around the world, but I think just as important is the message it sends about where the industry is going and what our role in the industry is. There'll be plenty of time for questions later. I think we're going to move into a panel discussion now, and there'll be plenty of time for a show-around, and we really hope you enjoy your afternoon and once again thank you for coming.

Panel discussion moderated by Thomas Singlehurst***Richard Glasson (CEO of WPP Production) and Laurel Wooten (CFO of WPP Production)***

Thomas Singlehurst: Thank you very much Richard and thank you Laurel. Hopefully everyone agrees, but I think production is one of the least well-understood parts of the WPP portfolio and obviously we're going to talk a lot about what's being built here and how the landscape and the industry is changing, but maybe just to set the scene and start at the beginning. Richard, take us back, tell us how Hogarth came into being, what it grew into and then fundamentally, why WPP Production is genuinely a new thing rather than Hogarth in a pink frock.

Richard Glasson: Hogarth was the precursor organisation to WPP Production. It's a company that I joined 16 years ago, and I think it's a relatively little-known story. About six months later, when WPP had just invested and bought a 30% stake in the business, and at that time we were 50 people, we were in one office in London. I think we're a very unusual story in this industry, in that we grew entirely organically, we've never made an acquisition, to at the end of 2025, we were about 7,500 people, we had grown strongly organically throughout that entire period. That was the point at which we took the decision, Cindy took the decision as part of Elevate28, to launch WPP Production. The reason was that, although we were at that time the largest production organisation in the world, certainly where most of the production activity took place in a consolidated way within WPP, we only addressed a relatively small part of WPP's total production spend, because a lot of that production spend went through traditional agency models.

Hogarth was traditionally a direct-to-client business. We had a surprisingly small overlap between our business and WPP's major clients. So we were traditionally a direct-to-client business and now that we've become WPP Production. What that has entailed is transferring about, so far it's 1,000 people, but will end up being about 1,500 people from other parts of WPP, primarily from WPP Creative, as well as a few specialist studio operations. They will all come into WPP Production, what that means is that we now really do manage all of the production on behalf of WPP's clients. Previously where they might have found WPP reasonably hard to navigate; particularly from production, now there's one front door for production, and that's us. We're already seeing very significant pivot, which is if you'd asked me a couple of years ago, then probably 80% of our new business activity was Hogarth alone direct to clients. Now, 80% of our new business activity is with other parts of WPP, as part of an integrated solution.

Thomas Singlehurst: Perfect. For a client, what does operating as one business really change and to build on that, how does how we do it change internally?

Richard Glasson: Quite a lot changes. The first point is going back to that simplicity of navigation. I think clients are now coming to WPP asking for a truly integrated, end-to-end way of working. In the past there was a pretty linear process and it was a long process, and a lot of communication activity, the advertising activity was driven by campaigns, but now we've moved to a world where work is always on. You have a creative agency that's thinking about the strategy, the planning, the ideation, the overall brand platform. That work then has to be made — but not made once, as a set of matching luggage, and distributed, but actually instead that becomes the basis of an always-on

activity: producing work daily through social, producing work that goes through commerce, obviously that integrates with enterprise solutions from a martech point of view, and a martech content point of view, that integrates with media, from what goes through.

Production in the past had this ugly label, which was referred to as non-working media, which effectively meant, that bit of the media budget, that you had to spend in order to have something to put into media and everyone thought of media as the working spend and production as this necessary evil almost, and I think now what we're seeing now is that production has very much become an engine for performance, because now if we understand what the underlying strategy is, and we know that the biggest challenge brands have got is the sheer volume of content they need to produce, to get the right message, to the right audience, in a culturally relevant way, in the right channel, at the right time, constantly, every hour of every day, in responding to trends and all the rest of it.

We can prove a couple of things. One is when you think about addressable media, and about 85–90% of all the media that WPP Media will buy on behalf of their clients is addressable now. We know that somewhere between 55% and 60% of the effectiveness of that media is driven by the quality of the creative content that goes through that, which is our responsibility, and we also know, through worked examples with clients, that where we do put effective content through those media channels, clients need to invest less in media, so it delivers real value back to them. That gives us an opportunity as a business, as WPP Production, to access new budgets, to access new ways of working, but for clients, it's real, demonstrable, measurable value. So suddenly production has gone from a procurement conversation to a marketing conversation, and one which is less focused on cost-effectiveness and efficiency alone, although those are still important hygiene factors, to one which is much more about the quality and relevance and engagement of the work, and how that drives responses with consumers.

Thomas Singlehurst: Laurel, let me bring you in. Obviously, WPP Production was announced as a concept back in January and we launched the broader Elevate28 plan in February. You're CFO of this business and you've been in charge of bringing all of that together. Can you maybe just paint a picture of what WPP Production looks like?

Laurel Wooten: Yes, of course, so we are the largest content production company in the world. It's about 9,000 people all around the world, servicing both WPP clients — which gives us a very unique advantage — as well as direct, production-only clients. Our delivery model is all about right-sourcing the work: so we use onshore, nearshore and offshore to deliver, keeping content solutions and client-facing, high-craft content, close to the clients, and then project management, adaptation, expansion gets delivered all around the world, but primarily concentrated in our large global delivery centres which are in cost-optimised locations.

We are growing, which is good, relatively unique position within WPP, we grew in the first half. But importantly, our growth story is not actually a market growth story. The production market is estimated, I think at around \$57 billion, and it's not really expected to grow materially in the near term. So our growth opportunity is really coming from two places. Each year, WPP, through more traditional production models, sends somewhere between \$1 and \$2 billion of spend out to third-party production companies. The

opportunity we have at hand is, by reinventing the way we originate work, recapturing more of the spend that is already being managed by us. The second opportunity for us, is in these types of production that are growing more quickly in the market — doing a sort of mix-shift for us, making sure we are indexed more heavily into those.

Thomas Singlehurst: We'll come back and talk about high-velocity production and some of those areas in a second. When we did the session in Cannes, a primary focus was WPP Creative, but Richard did take part in it and talk about what we're planning with WPP Production. And my interpretation of the view in the room was that the strategy made sense, the area people needed a bit of help with was understanding the mechanics — quite simply, how does the maths work, but maybe, Richard you can help us here. When we say we're going to in-source work that currently goes outside — the \$1–2 billion that Laurel just mentioned — what do we actually mean? How should we think about that?

Richard Glasson: Anyone that's looked at the trade press about us in recent weeks will have seen there is some interest in this whole area to say the least. When we talk about in-sourcing, it's effectively addressing that \$1 billion plus third-party spend that WPP agencies have. The starting point is what it's not: what it's not, is just taking an activity which is currently done by a third party and doing that same activity using our own people. Whilst that would attract work to WPP, it isn't what our clients want, and it's not what they're after. What it is, is looking at what outcomes our clients want in terms of the type of work, the volume of work, and working with those clients to transform how that work gets made. Again, that's a lot of what you'll see today. Of that very large number, a lot of that money is spent on air travel, it's spent on production locations, it's spent on flying crews, cars, equipment around the world, and having to do that multiple times, in multiple places to get localised content. Our argument is that you don't need to do a huge amount of that activity. That's if you like, primary production, the making part of it and then there's also a lot of spend in traditional post-production and finishing — editing and all the rest of it. Traditional post-production is going through a huge amount of upheaval, AI is having a big impact on that, different workflows are having an impact on that, but also client demands are also having an impact on that.

If in the past, you had two or three months of planning for a location shoot, you had a location shoot, and then you came into three months of post — you're six months into a campaign before you put a single asset into the market and that just doesn't work in today's world. There will always be those types of moments, there will always be, proverbially, the Super Bowl moment, the Christmas ad or whatever it is, where you do have the time to plan, and the time to do that and that traditional part of the market will remain. But for a majority of a client's activity, a vast majority of a client's activity, they want to use virtual production, they want always-on shooting, and they want to use different models — and clients are very willing to consolidate with a single source if we can demonstrate value, if we can demonstrate speed. So we have very, very open conversations with our clients about the best model of making work and typically, that will be a mixed model. It will be a model where a certain amount of work is done with the outside market for specialist capabilities, there will be some form of primary production in a facility similar to this, and there will be some form of offshore, automated, more commoditised end of their work. The simple value proposition for clients at the moment, if you think of the dominance of the platforms in terms of where work is ending up, and then you look at the change in algorithms within those platforms, those algorithms are demanding net new content. Just putting the same version through, gets down rated by

the algorithms, so you're not getting effective use of your media spend. So what clients are doing is saying: "How do we bring maximum efficiency to that adaptation part of the business, where we can automate, we can use agentic workflows, we can take time and cost out?" — not in order to put back on their bottom line, but to reinvest in content origination, because they need a constant supply of net new content, created in an always-on environment. Again, that's a lot of what you'll see as you walk around there.

It's a very strong value proposition for the clients, which, glibly, has the happy coincidence of being very good for the net sales performance of WPP Production, because we can build these facilities to be able to bring that work into our own organisation.

Thomas Singlehurst: Can you talk a little bit about what that means in terms of the actual economics of a job, if you could characterise that for us?

Richard Glasson: Yes, sure. If we look at it in two different ways: we're addressing this third-party spend, so, at the moment, there's a huge amount of third-party spend that Hogarth in the past, and now WPP Production, doesn't touch — it goes into the creative agencies and goes out to third parties. Now, we manage that spend, so we look at what element of that spend is more appropriately addressed by us, in conjunction with the client, in conjunction with the agencies. That's just an increase in net sales, that's an increase in revenue and an increase in net sales. It's bringing work in that was previously going out.

What we also have is those clients that are existing clients where we want to work in different ways with them and the economics of that are straightforward, I won't go into specific numbers, but you can imagine that previously there was revenue, there was cost of sales, and there was net sales. Basically, the revenue will decrease, which means that client spend decreases because we're producing work in a more efficient way, but our net sales increases because we're doing more of that work ourselves rather than spending it with third parties. Without sounding glib, it's absolutely a win-win, because the client gets much better value because they're not spending, or I would argue, not wasting money on activities done in legacy ways that don't need to be done, and we're capturing more of that revenue because we're using our own facilities, and our own talent and our own capabilities to deliver that work. So whether it's net new or repurposing existing, it's still an increase in net sales for us.

Thomas Singlehurst: Laurel, to bring that back into your world — we obviously want to avoid going into forecasts, that would be more dramatic for this audience than we want to do, but at the same time how should we think about this in terms of how it impacts the financial model?

Laurel Wooten: There's really three sources of value. So you've got, recapturing more of the spend which is already managed by us. You have, expanding actually what we sell to clients, because we're originating work in new ways, through generative AI, virtual production, etc. VFX pipelines, and then the third point is really around the efficiency we bring to the model — so removing duplication, agentic orchestration etc. On the first point, as Richard has made the point, the third-party spend pool that we've been talking about is not a revenue target for us, because actually the whole point of bringing it into the model is to drive those efficiencies for the client. So, what does change though, is the

quality of what you keep, less pass-through costs as described and more net revenue for us.

On the second point, kind of goes back to what I was talking about, the mix shift, this is a part of the production market, which is growing rapidly, in a market that is, in overall terms, not expected to really grow. So that mix shift for us, moving into these higher-growth areas, is a really critical component to our strategy and driving value through WPP. And then on the third, production consolidation is part of the £500 million that will be delivered through the Elevate28 strategy, and thinking about how that ladders up to the Group, we said: stabilise in '26, return to growth in '27 and accelerate in '28 and WPP Production is a key part of that stabilisation of the WPP Elevate28 strategy in 2026, but we won't be guiding to any specific operating unit numbers today.

Thomas Singlehurst: One of the other topics that gets a lot of airtime with this group, with investors more broadly, is AI. The bear case, if you can characterise it this way, is that AI just deflates everything, and that therefore any aspect of marketing services is therefore commoditised and challenged. Yet, we've just spent a lot of money building this facility, and I suspect you have a different view. So maybe, Richard, you could take that head-on. Why is AI the reason you built this, rather than the reason you shouldn't have built it?

Richard Glasson: Everyone can have an opinion on the effect AI's going to have on society, what our p(doom) is and what our sense of where AI is going, on a broader level. What I would say, bringing it back to our world of production, even in the time I've been in the production industry, we're going back far further, it's an environment in which the technology changes incredibly rapidly and incredibly profoundly. Whether that is shift from film to digital, whether that is thinking about all of the tools of automation that have come in, or whether that is thinking about, now, the advent of generative AI.

I think the misperception a number of people would have, is that we're making a decision about whether work is produced using AI or produced using a traditional method. Whereas the reality is, there really isn't a piece of work delivered today that doesn't have some element of AI threaded through it. That might be because we're using AI for pre-visualisation storyboarding; it might be because we're using agentic workflows; it might be because we're using AI to inform data patterns to decide what work gets produced, for what channel; or it might be that we're using generative AI for some element of the work. What you see behind you is a physical car, and when we do the demo you'll see a physical actor, and the actor will interact with the car. But when the backdrop comes up with the street of Paris, that's fully AI. But when you see the ad, you wouldn't know that it's AI, or care that it's AI, because it's an urban backdrop, but obviously from a personalisation point of view— and you'll see in the kitchen set as well — if we want that to be Tokyo, or we want that to be Germany, or we want that to be Switzerland, we can do that, using the same car, using the same talent, using the same shoot, on the same day, so it sort of fundamentally changes the economics.

You'll see in the grey box technology, which I promise you, will blow your mind. That's when everyone gets a bit scared about: "Can I ever believe what I see on screen?", "Is anything ever going to be real again?" But we got clients who are very focused on brand differentiation. The biggest challenge for the type of clients that WPP has, is as an organisation, how they differentiate themselves in the market, and we know that super

high-quality content, super high-quality work, and the human element in that work is what creates that differentiation. Mediocrity has never been easier to achieve. Anyone can afford mediocrity at the moment, because you can run things through tools that average things out and level things down, and that won't allow you to drive that brand differentiation. So, we are, and again you'll see it, we are not just investing in this infrastructure, we run a creative apprenticeship programme, we are putting hundreds of people through that over the course of the next couple of years, developing brand new talent into this area, because AI for us is actually an agent of growth and is enabling us to attract more work and attract better talent to deliver that work.

I don't think we are moving anytime soon to a world where you are looking at a fully AI start to finish ad. I think it is another tool, another instrument that we can use to drive better outcomes, better differentiation, better speed, better cost, all of those things. From our point of view, you'll see how we use it, we use a combination of traditional craft, traditional ways of working, AI, virtual production, VFX pipelines, CG. Nobody cared too much about whether the product you were looking at was CG or photography in the past, but some brands did. Some brands would only use photography, particular luxury brands. So we'll move in a mix market, where there will be the right answer for different clients in different circumstances — and AI will form part of that response, rarely all of that response, but also rarely none of that response.

Thomas Singlehurst: One of the areas I suspect is probably a little more AI-infused, and we talked about it before, is high-velocity production, and Laurel mentioned that it's a part of the market that's growing at a very, very strong rate. Maybe, Richard, you can help us understand high-velocity specifically: what is it, why does it matter, and critically why does it need to sit right next to WPP Media?

Richard Glasson: Historically, our greatest partnerships were with the creative agencies, and that was for a simple reason: content budgets tended to be managed by the same people who looked after the creative origination budgets, so we were paid out of that content budget. Moving forward, that will remain an interesting partnership. But, Tom, obviously you mentioned Enterprise Solutions earlier as well. I think the two huge growth areas for us are, a partnership with Enterprise Solutions, they are obviously putting martech systems into clients — and those martech systems are incredibly content hungry. So we have a very strong partnership in order to make sure that, primarily our marketing operations unit based out of Delhi, can supply all of that CRM, commerce and performance media-type activity. As Enterprise Solutions installs these content heavy martech systems, that's a big source of growth.

And the other one, I would say was under-penetrated up to this point, underutilised up to this point, is the relationship with media. As I said, 85–90% of all media bought is now addressable, that addressable media needs variable content to go through that, because that drives the greatest outcomes, and that has historically been, I think, a weakness in the industry as a whole: because there hasn't been that connectivity. What high-velocity content is doing, you can effectively think of it as our partnership with media, which is we're taking those data signals and those media buys from WPP Media and we are, in real time, as a self-briefing machine, producing content that we know will perform in those channels, to those audiences. Using Open Intelligence, there's a single data layer that connects us and WPP Media, instead of clients briefing us on individual assets or groups of assets, we're now saying: "We can use predictive analytics to understand what

combination of messages will work for what audience, in what channel, and at what time — and we're producing that work and deploying it", and obviously from the client point of view, the most important thing is then validating that, that this is driving greater media efficiency, greater cost effectiveness and higher performance of the work. So that's where high-velocity content is going. There are differing estimates, but that part of the market is growing by between 40% and 50%, and we're certainly seeing our part of that.

Thomas Singlehurst: Perfect. Laurel, we're going to get up in a minute and go and all have a look around. I'm sure one of the questions we'll get from the team, is about how much we've invested in this facility, but maybe more conceptually, how do you think the market should think about the return on investment from a facility like this, and doing everything end-to-end, as opposed to something more federated?

Laurel Wooten: As you say, Devon's is a 34,000-square-foot, end-to-end production facility, which is relatively unique within our network right now, and it's our flagship, but it's not the whole plan, so it sits alongside our existing studio capability all around the world. The unique thing about the funding for Devon's is that it's not being funded from a separate investment pot; it's being funded from the operating model. We build it once, and all of WPP and all of WPP Production can access this facility, which is very different from the traditional model, where we would have had investment funding spread more thinly and production assets trapped within legacy agency models. So this is a really key component. The return really comes from three places; one is being able to recapture more of the spend that we already manage, the second is giving access to a wider WPP network; and the third is just the sheer extraction of these very logistics-heavy costs within production budgets today, travel etc. which we remove from it. The three of those together is what really allows the return on investment for a facility like this.

Richard Glasson: Can I just build on that, because I think there's an ancillary important point, which is, within WPP Production, as part of WPP, with a requirement to hit quarterly results and all the rest of it. We have targets that we need to hit, we have growth targets to hit, we have margin targets to hit and so the shortcut to this would have been to buy a facility, to buy a company, to buy an existing studio or post-house or whatever it may have been, which would have been a lot easier on our P&L if you like.

But we felt that was entirely the wrong thing to do, because then you're buying a legacy asset, you're buying yesterday's way of working. We were much more focused on how do we build something which we believe is genuinely fit for future, which genuinely addresses the evolving needs of our clients, and isn't then going to need a huge amount of either integration, or frankly re-engineering to make it fit for the future. Because the traditional studio and post-production market, particularly the post-production market, is a very troubled market at the moment, but that's not what we're trying to compete with. As I say, we believe there are different ways of working, and different models, which is why we built from the ground up, and we're super confident about the return we'll generate on this, because this has gone through our P&L and we are confident about the return that we'll generate from it.

Thomas Singlehurst: Last one before we get you on your feet, and maybe for you, Richard actually. As I've mentioned a couple of times, we had 300+ clients in here yesterday, if you were going to distil the message you were giving to them in one or two sentences, what would that be?

Richard Glasson: What we tried and I think we were successful in showing them is that, this is the physical embodiment that there is dramatic change going on in our part of the market, and that we need to think about how production acts as a coalescing force, to bring together the creative relationship, the making relationship and the media relationship into a single, integrated whole, I would say this because I'm production, but based around that moment of making. That's where the magic happens, and that's where we believe the most fundamental change is happening in our market.

Thomas Singlehurst: Perfect, Richard, Laurel, thank you very, very much for that. I know you're going to have a load of questions, but we're going to come back and do the questions when you've had as much time as you need to go through everything.

Analyst and Investor Q&A moderated by Thomas Singlehurst

Richard Glasson (CEO of WPP Production) and Laurel Wooten (CFO of WPP Production)

Thomas Singlehurst: Davide, your hand was up, so maybe there's a microphone just coming – we'll start with you, and it'd be a pleasure to take your questions.

Davide Amorim (Berenberg): Hi, hello. Thank you for the presentation. I have two questions. For all the capabilities inside, how many clients are already booked or committed with these new capabilities, and is the demand coming from existing clients or new briefs? And secondly, could you walk me through how you charge for work coming out from this capability? Is it day rates, project fees, or does it get bundled into the wider creative or media contract? And are you starting to experiment with anything more outcome-based? Thank you.

Richard Glasson: So let me start on that. This has been a few years in the conception. We started shooting for clients on a very small scale probably five or six years ago, in existing space, and we realised that that filled up immediately. So then we took on a small studio environment, which filled up very quickly. So we took on a larger studio environment, which filled up very quickly. And so, although we officially launched this yesterday, the main stage has only just become available. The other stages have been available for some time and they've been fully utilised through that period. So we have a number of clients – some of the clients that you saw there – for whom we shoot always-on content on a daily basis, and have been doing that for a number of years. We know who the next user of this main stage is, and that's going to be probably two months of constant shooting and it's a big WPP client that's coming in. It's no exaggeration, every client that we've brought here so far has found a use case and is trying to get themselves booked in. We're very confident that this is going to be very fully utilised. Interestingly, we hope not completely fully utilised, because, as you can see, experimentation and R&D is a key function here as well, and so we want to carry on developing our people and developing our technology, and so we'll try to avoid being 100% utilised so that we do leave time for that.

In terms of the model, we've got various models. At one end of the extreme, if we're working – as sometimes we do – through a triple-bid process with a third-party production company or with a creator, and they want to use our facilities, they can

effectively dry hire them, all the way through to full-up productions run by our staff, our infrastructure, our equipment, that will be a combination of the studio fee, the daily rates for the people working on it, the equipment rental fees. Again, all the equipment you've seen we own, with the exception of this big volume, which we have on a revenue-share deal. So we didn't put any capex into this big screen here – that's rented on a usage basis, and we have a revenue-share model with the owner of it, and so it's kind of a traditional studio environment. And then, some of our clients, particularly the ones where we're operating always-on models, we have shoot-day rates that are basically all-inclusive, and so we operate against those. So there'll be many, many hybrid models.

And the answer about 'are we moving to output-based pricing': output-based pricing has been a feature of ours for a long time. Typically, in any client engagement we'll have a combination of paying for FTEs and we'll have output-based pricing for the number of assets that we produce. The evolution of that commercial model is twofold. One is, increasingly, we're going to be charging for IP, platforms, tokens, underlying systems, if you like, and as we move into high-velocity content, which Tom asked about earlier, I think there's an increasing opportunity for us to have performance-based remuneration. I think that is the one that clients are, in theory, most in favour of and, in practice, most wary about implementing. I think there are many factors that influence that, but certainly output-based pricing is a big part of what we do.

Thomas Singlehurst: Perfect. Julien.

Julien Roch (Barclays): Last year, the third-party costs excluding media were £831 million. Does 100% of your \$1–2 billion that goes to outside content production, does that go through that line, or is there any other part of the P&L where that goes?

Laurel Wooten: What was the line you were querying?

Julien Roch (Barclays): WPP discloses third-party service costs and they give us a breakdown between media and non-media. I would think that the production spend to third parties doesn't go through media, so I would think 100% goes through that line, but I just wanted to double-check.

Thomas Singlehurst: Maybe I'll provide an overlay and then Laurel, you can jump in. The overlay is that not all of that is production, so by definition, no is the answer. So there is a significant opportunity beyond the third-party revenue that we direct, which I think is the gist of your question, isn't it?

Julien Roch (Barclays): No, it was more because you gave \$1–2 billion, which is quite a wide range, but if it goes through that line, with that line being £831 million, then the \$1–2 billion is kind of \$1.1 billion maximum. That's more my question.

Thomas Singlehurst: We're not going to split it out, and it doesn't matter, the key point is that the \$1–2 billion is incremental revenue – or incremental spend that can become our net revenue.

Julien Roch (Barclays): I entirely get that, but my question is whether the opportunity is \$1 billion or \$2 billion, because that's quite a big difference in numbers. But anyway, we all see the upside of production – it all makes perfect sense. So how do you explain that

the last two years since WPP has been reporting the organic growth, you've only grown 1-2% organically? Is it market share loss? Is it bedding down the new WPP Production? And when can you go to around double-digit type growth?

Richard Glasson: With Tom sitting next to me, I won't make forward-looking statements. But the production market, if you look at it, is decreasing by about 6% a year, so we're gaining significant market share at the moment, so we're growing in the face of a declining market, because unit costs are coming down, so we're gaining a much greater share of wallet and good market share. The other aspect I'd point to is that if we're looking at our outside market share, obviously a significant amount of the work we do is linked to the WPP creative agencies, which, as you know, have not been growing over the last couple of years, so that has an impact on our number. So to achieve net growth in the face of a declining market and declining creative partner, I think, shows that we're taking significant market share at the moment – and certainly our new business performance would very much suggest that.

Julien Roch (Barclays): And a last one, to come back on Davide's question. You mentioned multiple revenue models, including going to performance-based but could you explain the mechanism of performance-based – would it be on the number of outputs? How would it work exactly?

Richard Glasson: There are many different measures of performance. You can have some sort of share of value created in terms of savings, or where we have greater efficiency. I think the most interesting area, though, is where we have media and production together, because then you can look at the efficiency of the media spend based on the quality of the content that goes through that. We do have a couple of examples where you are able to combine the production and media spend, and where we have the high-velocity content going through that, the media spend is much more efficient, and that creates an identifiable saving or performance uplift. Obviously you need to align to what performance measurement your client is using, and some areas which are closer to commerce are easier to measure than those which are closer to creating brand equity. So it kind of depends on the type of work you're doing.

Thomas Singlehurst: And I know you know this, Julien, but I think our house view, if that's the right way to put it, is that the commercial model will remain hybrid for some time, because, exactly as Richard said, there are some clients that are very hungry for it and willing to innovate, as part of a fully integrated offering, but we also have to meet clients where they are, so that model will...

Richard Glasson: We do. And just to build on that: obviously, with those clients where WPP has creative and media and martech and production, it's much easier to put performance models in, because we can pull every single lever and there's a much more direct line between the total work we do and the client outcomes. Where you're working in a multi-partner environment, it's harder to put performance models in place.

Laurel Wooten: Yes – you're looking at production savings, client satisfaction and some of the more traditional performance-bonus KPIs we've done.

Thomas Singlehurst: Perfect. I can see we've got someone at the back – I think it's Ciaran.

Ciaran Donnelly (Citi): Yes, thanks Tom. Richard, just a couple of questions. One, I know it's early in terms of the formation of WPP Production and the Elevate28 strategy, but if you have any examples of how you've been involved in pitches, integrated with the other functions, and been a key part of the process – and how this facility may have lent itself to any incremental wins in the recent past? And then second, technology is clearly becoming an increasing part of the offering and, not to be insensitive, clearly people costs are clearly an area where you could deliver significant cost savings hypothetically. Could you walk us through how you see the opex looking on a three-to-five-year view, in terms of people costs versus tech costs, just broad-brush?

Richard Glasson: The first part of the question, in terms of announced wins, we as WPP Production were very involved in Jaguar Land Rover, very involved in Kenvue, very involved in Henkel, and in a couple that are yet to be announced, that will be announced very shortly... demonstrating where we have access to incremental revenue streams, having been part of those major pitches.

The headcount question is an interesting one. Our starting point is we're seeing a huge amount of volume growth at the moment, and we are, over the course of this year, our headcount has actually increased, I would say, in line with net sales. Now, I don't think it should continue to grow in line with net sales – I think we should be extracting greater efficiency as we use more technology. Given our expectations about volume growth and market share growth over the coming years, coming period, I guess our headcount will kind of stay level for a while. I think we're going to have to go through some reskilling. I think the amount of volume that we produce with the same headcount will increase dramatically, and the mix of people that we employ will tend more towards craft skills, more of the technology skills, more of the agentic and AI skills, and away from repetitive tasks. So we'll see that skills mix change. I really don't know what to say if we project three to five years in the future about what the model looks like, the best we can do is respond dynamically to what we see in front of us at any point in time.

Thomas Singlehurst: And to put an overlay at a Group level: Cindy has talked about KPIs that we're going to benchmark the success of Elevate28 against, and one of them is essentially net revenue per FTE. This is that idea that, all things being equal, we should become more productive. Now, that's a separate point from where the level of FTEs ends up, but it's using technology in service of delivering client outcomes and driving better growth.

Richard Glasson: I mean, what I've said, is every organisation needs a CEO and a CFO.

Ciaran Donnelly (Citi): Could I just have one follow-up? You talked about the direct-to-client model that you've employed historically, working with non-WPP clients as much as WPP clients. How has that trended over the past six, 12 or 18 months – whatever you want to frame – just in terms of broad percentages?

Richard Glasson: If we cast our minds back five or six years, then we had a really high success rate in terms of our new business pitches that we ran independently, and we had a less good success rate with the WPP pitches, because back in the day production was pretty much an afterthought. I think that's where we've become much more strategic to those pitches and central to them. So now our success rate in pitches, between direct-to-client and WPP, is similar and very good.

I would say the direct-to-client pitches tend to come in waves. There was a period 12, 13 years ago where secondary decoupling, decoupling of adaptation, happened. There was a period about five years later when primary decoupling happened. There was a period a couple of years ago where, as people had very changing content needs, there was a wave of content studio pitches, and those were all kind of direct-to-production pitches. At the moment, I think the trend in the market is for much more integrated pitches, but there's always a pendulum on these things and so we remain competitive, going after business as WPP Production, and we've got a number of great examples of that this year, and I would argue that we are enabling WPP to be successful in a number of pitches, or helping WPP to be successful in a number of pitches, because our relative strength in production is definitely seen as an asset in these integrated RFPs.

Ciaran Donnelly (Citi): Great, thanks.

Thomas Singlehurst: And I don't want to front-run, but I think you might hear a similar message when we introduce Enterprise Solutions later in the year, it's a similar profile. We'll come back to Anna in a second. We've got one here.

Noe Gonzalez (Bank of America): Thank you. Hi, I'm Noe from Bank of America. Thank you for the presentations. I have two questions. The first one, just to make it clear: how much of content production is today outsourced to third-party agencies outside of WPP? And the second question: what is WPP's competitive advantage relative to Publicis or Omnicom in content production? Thank you so much.

Richard Glasson: How much is outsourced: doing the back maths, I think we'd have to reveal numbers about WPP Production which aren't in the public domain at the moment, so I struggle to answer that question. The traditional agency model outsourced the vast majority of the production that went through those agencies. Hogarth as was – was kind of an independent company, or quasi-independent company within WPP – which contracted directly with clients for scale production. We did very little of that agency-type production, so the volume that goes through the creative agencies is, if you like, the new addressable market for us. But I can't really put numbers on that, I don't think.

Thomas Singlehurst: The only way I think you could back-calculate it, based on Laurel's comment about the size of the TAM and what we have disclosed about the size of the operating unit, is you would say, even though WPP Production is one of the biggest players worldwide, it's still barely 1% of the global market.

Richard Glasson: And on competitive advantage against Omnicom, Publicis and the others, I can answer it in a number of different ways. I would argue that what Omnicom and Publicis did was rebadge existing agency production units and combine them, in order to drive insourcing, in order to drive efficiency. What we did – and I guess that's why we started with the Hogarth history – is we built an independently winning production organisation, which grew organically, at very significant rates, throughout its entire life by winning market share in the open market. What we've done is attach other parts of WPP to that very successful production unit, so we are bigger in scale, we're bigger in geographic reach, we have much broader and deeper capabilities, we have a much stronger technology backbone. I feel very confident in our competitive position.

Laurel Wooten: And I would just say we have access to WPP, which is an advantage.

Thomas Singlehurst: Perfect. Anna.

Anna Patrice (Berenberg): Yes, hello, Anna Patrice from Berenberg. Thank you very much for everything – it was super interesting and exciting. Just a couple of questions. First, for example, L'Oréal was saying that thanks to AI they were able to cut production costs on advertising by 40%, and they are doing AI content by themselves, but also with their advertising partners. So how do you see the strategy of more educated, sophisticated advertisers in terms of their content production? How much, and why, would they do in-house, and how much would they still do with you? And a follow-up question, because people always say that there is back and forth in marketing: sometimes people go for more outsourcing, then a new person comes in and brings in-house what was previously outsourced, and vice versa. Are there any examples you can share where something was brought in-house and then outsourced, and for what reasons? Thank you.

Richard Glasson: Those questions are linked, in a way. To take the second one first: we've recently had a lot of success in clients who have in-house content departments, at the moment are kind of struggling with the speed of change in the market and the adoption of technology. So we're very comfortable working alongside those and augmenting in-house content studios. There have been examples recently where we've taken over very significant in-house content studios, and they've outsourced them to us because we can deliver much greater value, much greater quality and much greater speed. There are a number of examples, and there's another one that I think will be announced very shortly, which is a very significant win in Europe, and so I think clients will have a mix. They'll have a mix of in-house creative, in-house content, but increasingly I think they see the need to have that as part of a mixed economy, where some of that work is delivered by partners, and so we have a number of those types of relationships.

If you take your specific example, who are a large and growing client of ours, we like working with clients who want to go through a process of transformation, because we still consider ourselves, despite our scale, to be very much a disruptive force in this industry. It comes back to the competitive question: when people ask who our biggest competitor is, my answer is our biggest competitor is legacy models – clients who haven't changed, it's people who work in traditional ways. Where clients do want to find new routes to value, do want to embrace technology and innovation, that's really when they come to us. So we see clients who do want to innovate, as perfect partners for us.

Laurel Wooten: And just to build on that, I think our access to partnerships as well, which was highlighted by the HEX team, is really unique, and something even with the amazing big brands we service, they would struggle to curate that level of access themselves and with the technology moving as fast as it is, that's a huge asset.

Thomas Singlehurst: Steve.

Steve Liechti (Deutsche Numis): Yes, hi, Steve Liechti from Deutsche Numis. Can you just explain to me a bit clearer the way that triple-bids work now, and your right to take share in that? I just don't understand how that all works. In the same vein, when a pitch process works, is the production bit actually in the pitch, on an integrated basis, or on a traditional basis – and how is that changing? And then my fundamental question, which is quite general: if there's an integrated pitch, what's the danger that the production bit within the bundle is effectively given away for free?

Richard Glasson: Let me start with the triple-bid process. There is a part of the market that traditionally uses triple-bids, and that is essentially large TV series, large TV commercials as part of major campaigns. The historic way that that has been done is that you would typically triple-bid a production company, which would include a director for the actual shooting, and what you would get back from that is three different treatments. That's not really a price conversation at that point – that's a "what is the director's vision of this piece of work", and then there's a second element, the post-production is traditionally triple-bid, and that is more of a price conversation, "in terms of who can come up with the most competitive offer to do the finishing, the grading and whatever goes with that".

There is still a part of the market that that applies to. We still have clients who mandate triple-bids, and we still have clients who like to use triple-bids for some types of work. Where they want to do that, we're totally comfortable with it – we manage that process for them and we run it. That, as you can imagine, that is a slow process. I would argue it's an expensive process, because there are three people bidding for each piece of work and two of them lose, so you're just pushing the average price of that whole market up as people seek to cover their costs in that, and I would also argue that it's a market where the creative agencies, they know who they want to work with – you go through a triple-bid process, but they know who they want to work with. All of our clients, it's extremely transparent what our working relationship is, every client knows how the work gets done, where it gets done, who does it and how it gets awarded. We have cost consultants, we have auditors, and there have even been regulatory investigations to check that this is a fair process. We are scrupulous about it.

If I look at traditional Hogarth, maybe 4–5% of the work that we did was subject to triple-bid – that's, if you like, the traditional agency work. Everything else is directly contracted with the client, and they specifically want to use our people and want to use our talent, and what you can see here is we won't be responding to triple-bids in this environment. This environment is built for clients that want to work directly with us, so there is a part of the market where triple bidding is the right approach, we continue to support that, we continue to support that there is a time to work with third parties, but the vast majority of our relationships aren't based around triple-bids – they're based around direct access to our own people and technology.

Thomas Singlehurst: And then the question about integration...

Steve Liechti (Deutsche Numis): Well, does integration mean giving it away?

Richard Glasson: Yes, sorry, I'm with you. No is the short answer. We believe that production is a significant strategic advantage for our clients, and that we have real quality and real innovation to bring to them. I am aware of competitors who have taken an approach that is much more media-led, where production is seen as in service of media – we would argue that's a misreading of the situation. We have no examples, and will continue to have no examples, where we have deliberately underpriced or mispriced our services in order to attract revenue. We have our own P&L to manage within WPP, and we look to make proper margin on all of our clients.

Steve Liechti (Deutsche Numis): Can I just have one tiny follow-up? If you're a scale producer and you're taking share from [smaller players], is there a danger that you're accused of predatory pricing? You mentioned regulatory scrutiny – what's the risk here?

Richard Glasson: I don't see any risk. As Tom said, our share of the market is 1 or 2%. There's no possibility of market dominance, there's no possibility of being able to set the price in the market. The client sets the price in the market, and we respond.

Thomas Singlehurst: We're delivering better outcomes for clients – that's the key point. I'm conscious we're touching on half an hour, I think that might be it. Before handing the floor back to Richard, from our perspective in Investor Relations, thank you very much for joining us.

In terms of what's next, obviously you can expect a Q3 trading update towards the end of October. As I mentioned, we will have our fourth deep-dive session, most likely in early December, where we look into WPP Enterprise Solutions, and then of course prelims in February. Thank you again for joining. Richard and Laurel, thank you very much for having us. Back to you, Richard, just to close up.

Richard Glasson: Thanks to Tom for giving us this opportunity. Hopefully you've learned a bit more about us as an organisation and our part of the business. I genuinely think that for people coming into our industry at the moment, coming into production is the best career they could have in our whole industry, because there's so much going on here, and we're very optimistic about where this is going. Huge thanks to Charlotte and team, who've organised everything, set up all the demos, made everything happen and built the place – thank you, Charlotte. Thanks Laurel, and again, thank you all for coming.