

WPP on track to return to growth in the balance of the year despite Q1 losses

WPP's first quarter of 2024 financial results align with performance expectations, reflecting the toughest comparator of the year, says Mark Read, chief executive officer of WPP.



Source: © 123rf [123rf](#) WPP remains on track to return to growth in the balance of the year, despite Q1 2024 losses

Q1 revenue was down 1.4% and LFL revenue was up 2.1%.

However, Q1 LFL revenue less pass-through costs were down 1.6% (Q1 2023: +2.9%) as growth in the UK and Western Continental Europe was offset by declines in North America and Asia Pacific, which saw strong growth in India offset by a decline in China.

According to [Campaign UK](#) while WPP expects momentum to pick up as the year progresses, it has blamed the loss of its Pfizer business and continued cuts by technology clients for the 1.6% decline in revenues to £2.7bn in the first three months of 2024.



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Lagging main rivals – Publicis, Omnicom and Interpublic Group

Campaign UK points out that while the agency group had previously flagged that Q1 would be the toughest, its revenue performance lagged all of its main rivals – Publicis, Omnicom and Interpublic Group – which grew by between about 2% and 5%.

It reports that globally integrated agencies, the largest division, which includes media and creative, suffered a 0.7% overall decline. Growth slowed at the media division (although Group M was up 2.4%) and the creative agencies continued the decline seen first in Q2 2023, dropping 3.3%.

The group's two other key lines of revenue that also suffered falls, with public relations down 3.3% and other specialist agencies down 7.6%.

"We always expected the first quarter to be the slowest quarter of the year because we have the impact of our technology budget cuts weighing on us and the impact of Pfizer on our business," Read told *Campaign UK*.

He reiterated the company's growth forecast of between zero and 1%, saying, "We expect momentum to pick up as the year goes."



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CMD priorities progressed well

In the media statement to investors Read states that, strategically, the network has progressed well on the priorities set out at its Capital Markets Day (CMD) at the end of January.

"We've rolled out multiple AI tools through our intelligent marketing operating system WPP Open, including the latest foundation models from Bria, Google and OpenAI.

"At Google Cloud Next we launched our Performance Brain to predict the best-performing content ahead of campaigns going live.

"These products are being deployed at scale, together with investment in training for our people. WPP Open was also at the heart of our most recent new business successes, including major media wins with Nestlé," Read says.

VML on track to deliver savings

He adds that structurally, VML is now well established and is on track to deliver savings.

"GroupM is progressing well with its simplification and Burson will be operational in July."

Read adds that he is very pleased with the progress they are making and that they are already seeing the benefits of a simpler and more agile structure for their clients.

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On track to return to growth

He reiterated their outlook for the full year.

“We remain on track to return to growth in the balance of the year, supported by an encouraging new business pipeline and the strength of our business creatively and in media, both powered by new AI capabilities, while our simpler structure will drive organisational flexibility and stronger cash conversion.”



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Q1 results

- Q1 revenue -1.4%; LFL revenue +2.1%.
- Q1 LFL revenue less pass-through costs -1.6% (Q1 2023: +2.9%) with growth in the UK and Western Continental Europe offset by declines in North America and Asia Pacific, which saw strong growth in India offset by a decline in China.
- Global Integrated Agencies revenue less pass-through costs declined 0.7%, with 2.4% growth in GroupM offset by a 3.3% decline at integrated creative agencies with the loss of assignments at a healthcare client and reduced spend at technology companies.
- New client assignment wins from AstraZeneca, Canon, Molson Coors, Daiichi Sankyo, Nestlé, Perfetti, Perrigo, Rightmove and Telefónica. Q1 net new billings of \$0.8bn (Q1 2023: \$1.5bn).
- Continued strategic progress on AI initiatives. WPP Open adopted by over 50,000 of its people and at the heart of Nestlé Oceania, ASEAN and Nestlé Health Science US wins. Collaboration with Google to integrate Gemini 1.5 Pro in WPP Open announced in April. WPP named NVIDIA Industry Innovation Partner of the Year in EMEA.
- 2024 guidance reiterated: LFL revenue less pass-through costs growth expected to be 0-1%; with headline operating margin improvement of 20-40bps (excluding the impact of FX).

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