

WPP GROUP PLC

Appendix I

Preliminary results for the year ended 31 December, 1999

Unaudited preliminary consolidated profit & loss account for the year ended 31 December, 1999

	Notes	1999 £m	1998 £m	+ / (-) %	Constant Currency (Note 3) + / - %
Turnover (gross billings)		9,345.9	8,000.1	+16.8%	+15.7%
Revenue	4	2,172.6	1,918.4	+13.3%	+12.0%
Gross Profit		1,855.3	1,632.5	+13.6%	+12.4%
Operating costs		(1,591.8)	(1,403.4)	-13.4%	-11.9%
Operating profit		263.5	229.1	+15.0%	+15.2%
Income from associates		27.3	16.1	+69.6%	+72.5%
Profit on ordinary activities before interest and taxation	4	290.8	245.2	+18.6%	+19.0%
Net interest payable and similar charges		(35.4)	(32.4)	-9.3%	-6.7%
Profit on ordinary activities before taxation		255.4	212.8	+20.0%	+20.8%
Tax on profit on ordinary activities	5	(76.6)	(67.0)	-14.3%	-15.1%
Profit on ordinary activities after taxation		178.8	145.8	+22.6%	+23.5%
Minority interests		(6.0)	(5.5)	-9.1%	9.1%
Profit attributable to ordinary share owners		172.8	140.3	+23.2%	+24.0%
Ordinary dividends	6	(24.0)	(19.6)	+22.4%	+22.4%
Retained profit for the year		148.8	120.7	+23.3%	+24.3%
Earnings per share (net basis)					
Basic earnings per ordinary share	7	22.9p	19.1p	+19.9%	+21.1%
Fully diluted earnings per ordinary share	7	22.5p	18.8p	+19.7%	+20.5%
Ordinary dividend per share					
- interim	6	1.0p	0.84p	+19.0%	+19.0%
- final	6	2.1p	1.72p	+22.1%	+22.1%
Earnings per ADR (net basis) *					
Basic earnings per ADR	3	\$1.85	\$1.58	+17.1%	+21.1%
Fully diluted earnings per ADR	3	\$1.82	\$1.56	+16.7%	+20.5%
Ordinary dividend per ADR *					
Interim	3	8.1c	6.9c	+17.4%	+19.0%
Final	3	17.0c	14.3c	+18.9%	+22.1%

* These figures have been translated for convenience purposes only, using the profits and loss exchange rates shown in note 3. The comparative figures have been restated following a change in the ratio of ordinary shares per ADR from 10 ordinary shares per ADR to 5 ordinary shares per ADR.

WPP GROUP PLC

Unaudited preliminary consolidated cash flow statement for the year ended 31 December, 1999

	1999 £m	1998 £m
Reconciliation of operating profit		
to net cash inflow from operating activities:		
Operating profit	263.5	229.1
Depreciation charge	42.2	33.7
Movements in working capital and provisions	42.8	(6.8)
Net cash inflow from operating activities	348.5	256.0
Dividends received from associates	4.3	3.4
Return on investments and servicing of finance	(37.1)	(28.7)
United Kingdom and overseas tax paid	(58.4)	(59.0)
Purchase of tangible fixed assets	(64.6)	(51.6)
Purchase of own shares by ESOP trust	(17.9)	(33.3)
Other movements	2.0	2.8
Capital expenditure and financial investment	(80.5)	(82.1)
Cash consideration for acquisitions	(242.2)	(111.8)
Less cash acquired	51.8	6.1
Net purchases of other investments	(11.8)	(9.8)
Total acquisitions	(202.2)	(115.5)
Equity dividends paid	(21.1)	(16.6)
Net cash outflow before financing	(46.5)	(42.5)
Increase/(reduction) in drawings on bank loans	258.0	(81.4)
Proceeds from US bond issuance	-	178.8
Share buybacks	-	(21.3)
Proceeds from issue of shares	12.0	4.3
Other movements	-	(2.3)
Net cash inflow from financing	270.0	78.1
Increase in cash and overdrafts for the year	223.5	35.6
Translation difference	(0.6)	0.9
Balance of cash and overdrafts at beginning of year	328.5	292.0
Balance of cash and overdrafts at end of year	551.4	328.5
Reconciliation of net cash flow to movement in net funds:		
Increase in cash and overdrafts for the year	223.5	35.6
Cash inflow from debt financing	(258.0)	(95.2)
Other movements	(1.7)	(0.9)
Translation difference	(6.2)	0.1
Movement of net funds in the year	(42.4)	(60.4)
Net funds at beginning of year	134.3	194.7
Net funds at end of year (Note 12)	91.9	134.3

WPP GROUP PLC

Unaudited preliminary consolidated balance sheet as at 31 December, 1999

	Notes	1999	1998
		£m	£m
Fixed assets			
Intangible assets:			
Corporate brands		350.0	350.0
Goodwill	8	410.3	158.0
Tangible assets		196.7	166.7
Investments	8	356.9	268.2
		1,313.9	942.9
Current assets			
Stocks and work in progress		113.5	107.3
Debtors	9	1,040.4	893.1
Debtors within working capital facility:			
Gross debts		345.7	294.5
Non-returnable proceeds		<u>(214.1)</u>	<u>(209.2)</u>
		131.6	85.3
Cash at bank and in hand		607.0	423.9
		1,892.5	1,509.6
Creditors: amounts falling due within one year	10	(2,148.0)	(1,777.3)
		(255.5)	(267.7)
Net current liabilities		(255.5)	(267.7)
Total assets less current liabilities		1,058.4	675.2
Creditors: amounts falling due after more than one year	11	(652.5)	(401.5)
Provisions for liabilities and charges		(79.2)	(77.9)
		326.7	195.8
Net assets		326.7	195.8
Capital and reserves			
Share capital		77.5	76.6
Reserves		240.7	111.1
Share owners' funds		318.2	187.7
Minority interests		8.5	8.1
Total capital employed		326.7	195.8

WPP GROUP PLC

Unaudited preliminary reconciliation of movements in consolidated share owners' funds for the year ended 31 December 1999

	1999	1998
	£m	£m
Profit for the financial year	172.8	140.3
Ordinary dividends payable	(24.0)	(19.6)
	148.8	120.7
Exchange adjustments on foreign currency net investments	(31.2)	4.0
Share buybacks	-	(21.3)
Shares issued for acquisitions	-	105.4
Other movements	12.9	4.1
Net additions to share owners' funds	130.5	212.9
Opening share owners' funds	187.7	(25.2)
Closing share owners' funds	318.2	187.7

Unaudited preliminary statement of consolidated recognised gains and losses for the year ended 31 December 1999

	1999	1998
	£m	£m
Profit for the year	172.8	140.3
Exchange adjustments on foreign currency net investments	(31.2)	4.0
Total recognised gains	141.6	144.3

WPP GROUP PLC

Notes to the unaudited preliminary consolidated financial statements

1. Basis of accounting

The unaudited preliminary consolidated financial statements are prepared under the historical cost convention.

2. Accounting policies

The unaudited preliminary consolidated financial statements comply with relevant accounting standards (UK GAAP) and have been prepared using accounting policies set out on pages 52 and 53 of the Group's 1998 Annual Report and Accounts, apart from the adoption of FRS12 (Provisions and Contingencies) and FRS13 (Derivatives and Other Financial Instruments). There has been no material impact on the financial statements as a result of the adoption of these new standards.

3. Currency conversion

The 1999 unaudited preliminary consolidated profit and loss account is prepared using, among other currencies, an average exchange rate of US\$1.6178 to the pound (1998: US\$1.6574). The unaudited preliminary consolidated balance sheet as at 31 December 1999 has been prepared using the exchange rate on that day of US\$1.6182 to the pound (1998: US\$1.6638).

The constant currency percentage changes shown on the face of the profit and loss account have been calculated by applying 1999 exchange rates to the results for 1998 and 1999.

The unaudited preliminary consolidated profit and loss account and balance sheet are presented in Euros in Appendix II for illustrative purposes. The unaudited preliminary consolidated profit and loss account has been prepared using an average exchange rate of _1.5202 to the pound (1998: _1.4771). The unaudited preliminary balance sheet at 31 December 1999 has been prepared using the exchange rate on that day of _1.6056 to the pound (1998: _1.4169).

WPP GROUP PLC

Notes to the unaudited preliminary consolidated financial statements (continued)

4. Segmental Information

Reported contributions by geographical area were as follows:

	1999	1998
	£m	£m
Revenue		
United Kingdom	434.7	393.5
United States	915.2	764.4
Continental Europe	426.2	396.0
Canada, Asia Pacific, Latin America, Africa & Middle East	396.5	364.5
	2,172.6	1,918.4
PBIT_		
United Kingdom	51.5	42.2
United States	139.0	111.6
Continental Europe	55.8	55.0
Canada, Asia Pacific, Latin America, Africa & Middle East	44.5	36.4
	290.8	245.2

Reported contributions by operating sector were as follows:

	1999	1998
	£m	£m
Revenue		
Advertising and media investment management	1,013.1	951.3
Information and consultancy	419.7	367.2
Public relations and public affairs	178.9	134.8
Branding and Identity, Healthcare and Specialist Communications	560.9	465.1
	2,172.6	1,918.4
PBIT_		
Advertising and media investment management	155.9	141.3
Information and consultancy	42.1	39.3
Public relations and public affairs	23.9	15.7
Branding and Identity, Healthcare and Specialist Communications	68.9	48.9
	290.8	245.2

_PBIT: Profit on ordinary activities before interest and taxation

WPP GROUP PLC

Notes to the unaudited preliminary consolidated financial statements (continued)

5. Taxation

The Group tax rate on profit on ordinary activities before taxation is 30.0% (1998: 31.5%). The tax charge comprises:

	1999	1998
	£m	£m
Corporation Tax at 30.25% (1998 – 31%)	12.4	12.9
Deferred taxation	(0.7)	-
Overseas taxation	56.5	51.4
Tax on profits of associate companies	8.1	6.8
Write-back of previously written-off ACT	-	(4.1)
ACT write-off	0.3	-
	76.6	67.0

6. Ordinary dividends

The board has recommended a final dividend of 2.1p (1998: 1.72p) per ordinary share. In addition to the interim dividend paid of 1.0p (1998: 0.84p net) per ordinary share, this makes a total for the year of 3.1p (1998: 2.56p) per ordinary share. The final dividend is expected to be paid on 10 July 2000 to share owners on the register at 9 June 2000. No advance corporation tax is paid or payable in respect of either the interim or final dividends owing to the abolition of ACT with effect from April 1999.

7. Earnings per share

Basic and fully diluted earnings per share have been calculated in accordance with FRS14 "Earnings per Share".

- (a) Basic earnings per share have been calculated using earnings of £172.8 million (1998: £140.3 million) and weighted average shares in issue during the year of 753,324,054 shares (1998: 735,700,122 shares).
- (b) Fully diluted earnings per share have been calculated on a weighted average of 768,691,993 shares (1998: 746,939,733 shares). This takes into account the exercise of employee share options where these are expected to dilute earnings.
- (c) At 31 December 1999, there were 774,545,422 ordinary shares in issue.

WPP GROUP PLC

Notes to the unaudited preliminary consolidated financial statements (continued)

8. Goodwill

Total goodwill of £292.8 million arising during the year includes £252.3 million in respect of acquisitions of subsidiary undertakings. In addition, investments include £40.5 million of goodwill in respect of associated undertakings acquired during the year.

Cash paid in respect of these acquisitions was £242.2 million. Future anticipated payments to vendors total £172.4 million (1998 : £97.9 million), based on the directors' best estimates of future obligations, which are dependent on future performance of the interests acquired. £41.2 million of earnout payments are expected to be paid during 2000.

Due to their timing, these acquisitions do not have a significant impact on the Group's results for the year.

9. Debtors

The following are included in debtors:

	<u>1999</u> £m	<u>1998</u> £m
Trade debtors	770.0	678.9
Prepayments and accrued income	70.1	53.3
Other debtors	200.3	160.9
	<u>1,040.4</u>	<u>893.1</u>

WPP GROUP PLC

Notes to the unaudited preliminary consolidated financial statements
(continued)

10. Creditors: amounts falling due within one year

The following are included in creditors falling due within one year:

	<u>1999</u> £m	<u>1998</u> £m
Bank loans and overdrafts	148.3	95.4
Trade creditors	1,315.0	1,102.4
Corporate income tax payable	34.6	50.0
Deferred income	125.8	111.1
Payments due to vendors (note 8)	41.2	14.3
Other creditors and accruals	483.1	404.1
	<u>2,148.0</u>	<u>1,777.3</u>

Overdraft balances included within bank loans and overdrafts amount to £55.6 million (1998: £95.4 million).

11. Creditors: amounts falling due after more than one year

The following are included in creditors falling due after more than one year:

	<u>1999</u> £m	<u>1998</u> £m
Corporate bond and bank loans	366.8	194.2
Corporate income taxes payable	122.9	91.3
Payments due to vendors (note 8)	131.2	83.6
Other creditors and accruals	31.6	32.4
	<u>652.5</u>	<u>401.5</u>

WPP GROUP PLC

Notes to the unaudited preliminary consolidated financial statements (continued)

The corporate bond, bank loans and overdrafts included within short and long term creditors fall due for repayment as follows:

	<u>1999</u> £m	<u>1998</u> £m
Within one year	148.3	95.4
Between 1 and 2 years	-	-
Between 2 and 5 years	183.1	15.1
Over 5 years	183.7	179.1
	<u>515.1</u>	<u>289.6</u>

12. Net funds

	<u>1999</u> £m	<u>1998</u> £m
Cash at bank and in hand	607.0	423.9
Bank loans and overdrafts due within one year (note 10)	(148.3)	(95.4)
Corporate bond and loans due after one year (note 11)	(366.8)	(194.2)
Net funds	<u>91.9</u>	<u>134.3</u>

13. Statutory information and audit review

The results for the year to 31 December 1999 do not constitute statutory accounts and are unaudited. The statutory accounts for the year ended 31 December 1998 received an unqualified auditors' report and have been filed with the Registrar of Companies.

WPP GROUP PLC

Appendix II

Preliminary results for the year ended 31 December, 1999

Unaudited preliminary consolidated profit & loss account for the year ended 31 December, 1999

Presented in Euros for illustrative purposes only

	1999	1998	+/-
	_m	_m	%
Turnover (gross billings)	14,207.6	11,817.0	+20.2%
Revenue	3,302.8	2,833.7	+16.6%
Gross profit	2,820.4	2,411.4	+17.0%
Operating costs	(2,419.8)	(2,073.0)	-16.7%
Operating profit	400.6	338.4	+18.4%
Income from associates	41.5	23.8	+74.4%
Profit on ordinary activities before interest and taxation	442.1	362.2	+22.1%
Net interest payable and similar charges	(53.8)	(47.9)	-12.3%
Profit on ordinary activities before taxation	388.3	314.3	+23.5%
Tax on profit on ordinary activities	(116.5)	(98.9)	-17.8%
Profit on ordinary activities after taxation	271.8	215.4	+26.2%
Minority interests	(9.1)	(8.1)	-12.3%
Profit attributable to ordinary share owners	262.7	207.3	+26.7%
Ordinary dividends	(36.5)	(29.0)	+25.9%
Retained profit for the year	226.2	178.3	+26.9%
Earnings per share (net basis)			
Basic earnings per ordinary share	34.8c	28.2c	+23.4%
Fully diluted earnings per ordinary share	34.2c	27.8c	+23.0%
Ordinary dividend per share – interim	1.52c	1.24c	+22.6%
- final	3.19c	2.54c	+25.6%

WPP GROUP PLC

Unaudited preliminary consolidated balance sheet as at 31 December, 1999
Presented in Euros for illustrative purposes only

	1999	1998
	_m	_m
Fixed assets		
Intangible assets:		
Corporate brands	561.9	495.9
Goodwill	658.8	223.9
Tangible assets	315.8	236.2
Investments	573.0	380.0
	2,109.5	1,336.0
Current assets		
Stocks and work in progress	182.2	152.0
Debtors	1,670.5	1,265.4
Debtors within working capital facility:		
Gross debts	555.1	417.3
Non-returnable proceeds	(343.8)	(296.4)
	211.3	120.9
Cash at bank and in hand	974.6	600.6
	3,038.6	2,138.9
Creditors: amounts falling due within one year	(3,448.8)	(2,518.3)
Net current liabilities	(410.2)	(379.4)
Total assets less current liabilities	1,699.3	956.6
Creditors: amounts falling due after more than one year	(1,047.7)	(568.9)
Provisions for liabilities and charges	(127.2)	(110.4)
Net assets	524.4	277.3
Capital and reserves		
Share capital	124.4	108.5
Reserves	386.4	157.4
Share owners' funds	510.8	265.9
Minority interests	13.6	11.4
Total capital employed	524.4	277.3