

WPP

Trading Statement
Third Quarter 2003

October 2003

Third Quarter 2003

Summary

- Third quarter reported revenue up by almost 11%. On a constant currency basis, revenues up 10%. Like-for-like revenues up over 1%, over 2% ignoring Cordiant.
- YTD reported revenue up almost 2%. On a constant currency basis, revenues rose by over 4% reflecting the relative weakness of the dollar more than offset by the strength of the euro against sterling. Like-for-like revenues up 0.4%, up almost 1% ignoring Cordiant.

Third Quarter 2003

Summary

- Advertising & media investment management was the strongest sector, driven primarily by significant growth in media investment management. Third quarter growth double that of the first half ignoring Cordiant.
- Public relations and public affairs almost flat, with a slower rate of decline than the first half.
- Information, insight & consultancy revenues up over 7%, double that of the first half.
- Branding and identity, healthcare and specialist communications up over 9%, similar to the first half ignoring Cordiant.

Third Quarter 2003

Summary

- Net new business wins of £402 million in the quarter, making a total of £1.7 billion in the first nine months.
- Cordiant acquisition plus several strategic acquisitions completed during the quarter.
- No shares were repurchased in the quarter.

Third Quarter 2003

Revenue by Discipline: Third Quarter

	Revenue		% Change	% Change, Constant currency
	2003 £m	2002 £m		
Advertising & Media Investment Management	483.0	419.1	15.2	13.9
Information, Insight & Consultancy ¹	176.4	161.9	8.9	7.2
Public Relations & Public Affairs	106.5	107.9	-1.3	-0.4
Branding & Identity, Healthcare and Specialist Communications ¹	263.7	239.6	10.1	9.6
Total	1,029.6	928.5	10.9	10.0

¹ Reflects certain specialist communications companies transferred to information, insight and consultancy in 2003

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Revenue by Region: Third Quarter

	Revenue		% Change	% Change, constant currency
	2003 £m	2002 £m		
North America	424.4	406.3	4.4	8.1
UK	166.4	156.2	6.5	6.5
Continental Europe	255.9	210.8	21.4	11.1
Asia Pacific, Latin America, Africa & Middle East	182.9	155.2	17.9	17.0
Total	1,029.6	928.5	10.9	10.0

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Revenue by Discipline: First Nine Months

	Revenue		% Change	% Change, Constant currency
	2003 £m	2002 £m		
Advertising & Media Investment Management	1,369.8	1,315.1	4.2	7.0
Information, Insight & Consultancy ¹	510.4	493.0	3.5	4.8
Public Relations & Public Affairs	319.4	340.8	-6.3	-2.1
Branding & Identity, Healthcare and Specialist Communications ¹	740.8	739.4	0.2	2.8
Total	2,940.4	2,888.3	1.8	4.5

¹ Reflects certain specialist communications companies transferred to information, insight and consultancy in 2003

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Revenue by Region: First Nine Months

	Revenue		% Change	% Change, constant currency
	2003 £m	2002 £m		
North America	1,243.6	1,296.4	-4.1	4.1
UK	472.9	468.4	1.0	1.0
Continental Europe	752.7	655.0	14.9	5.4
Asia Pacific, Latin America, Africa & Middle East	471.2	468.5	0.6	8.0
Total	2,940.4	2,888.3	1.8	4.5

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Advertising & Media Investment Management

- Revenue up almost 14% on constant currency basis (up over 7% ignoring Cordiant), driven by significant improvement in media investment management. Ogilvy and Red Cell strong growth in the quarter.
- Cordiant completed in August 2003 with Bates Worldwide operations outside Asia being coordinated with JWT and Red Cell. Majority stakes taken in SCPF in Spain, Promotions Italia in Italy, Y&R Kenya and minority stake in Shanghai Advertising

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Information, Insight & Consultancy

- Revenue growth of over 7% in the quarter, double that of the first half reflecting strong growth in Millward Brown, Kantar Media Research, IMRB and Lightspeed
- Centrum in the Netherlands acquired by Millward Brown

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Public Relations & Public Affairs

- Constant currency revenue growth flat, a slowdown in the rate of decline from that seen in the first half.
- Healthcare PR and crisis management work showing significant year over year growth.
- Civitas acquisition in the United States completed by Burson-Marsteller.

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Branding & Identity, Healthcare and Specialist Communication

- Constant currency revenue up over 9% (down almost 1% ignoring Cordiant), similar to the first half.
- Strong performances from OgilvyOne and CommonHealth
- Acquisitions completed in the quarter; Mediapro in sports promotion in Spain and MDM in direct in Germany.

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Revenue Growth by Country – year to date

<u>Revenue Growth*</u>	<u>Countries</u>
15%+	Mexico
10-15%	<u>China</u>
5-10%	<i>India</i> , <u>Japan</u> , <u>Spain</u> , <i>Taiwan</i>
0-5%	Belgium, France, <i>Germany</i> , <u>Italy</u> , USA
< 0%	Australia, <u>Brazil</u> , <u>Canada</u> , Hong Kong, <u>Netherlands</u> , Singapore, <u>Sweden</u> , Switzerland, <u>UK</u>

*Constant currency basis excluding Cordiant

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Revenue Growth by Category - year to date

<u>Revenue Growth*</u>	<u>Categories</u>
15%+	Computer, Electrical
10-15%	-
5-10%	Food, Oil, Personal Care & Drugs
0-5%	Drinks, Financial Services
< 0%	Automotive, Retail, Telecommunications

*Constant currency basis excluding Cordiant

Third Quarter 2003

Impact of currency

- Third quarter revenues up 10% in constant currency and up almost 11% reportable, reflecting the acquisition of Cordiant and the relative weakness of the dollar, more than offset by the strength of the euro against sterling.
- Year to date revenues up over 4% in constant currency and up almost 2% reportable.

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Major New Business Wins/Losses - year to date

Agency	Account	Office	Billings (\$m)
Y&R Group	Burger King	USA	345
Berlin Cameron/Red Cell	Coca-Cola Classic	USA	250
Ogilvy	Cisco	Worldwide	150
MindShare	Nextel	USA	150
Team LG	LG	Worldwide	100
JWT/MindShare	Ford – F150	USA	100
WINS Y&R Group	Chevron Texaco	USA	95
Berlin Cameron/Red Cell	Pfizer - Zyrtec	Worldwide	74
MindShare	Argos	UK	63
CommonHealth	Astra Zeneca	USA	60
Y&R Advertising	Ford (Lincoln)	USA	60
Berlin Cameron/Red Cell	Boost Mobile	USA	50
Mediaedge:cia	Novell	Worldwide	50
Ogilvy	Chemistry Council	USA	50

(All billings figures are based on trade press estimates, where available)

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Major New Business Wins/Losses - year to date

	Agency	Account	Office	Billings (\$m)
WINS	MindShare	Abbey National	UK	50
	Soho Square	Yahoo	USA	40
	JWT	Vodafone	UK	38
	JWT	Golden Wonder	UK	38
	JWT	McLeod	USA	35
	Y&R Advertising	Carlsberg	Worldwide	30

(All billings figures are based on trade press estimates, where available)

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Major New Business Wins/Losses – year to date

	Agency	Account	Office	Billings (\$m)
	JWT	Pfizer - Celebrex	USA	81
	Bates	VW - Seat	Europe	75
LOSSES	Bates	Cadbury Schweppes	Worldwide	57
	JWT	Pepsi China	China	45
	Y&R Advertising	Aeromexico	Mexico	30

(All billings figures are based on trade press estimates, where available)

Third Quarter 2003

Net new business wins in the first nine months of 2003*

US\$ Millions	Creative	Media	Total
Advertising	836	1,315	2,151
Other Businesses	627	-	627
Total	1,463	1,315	2,778

* Billings

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Uses of Cashflow

- Net debt at 30 September £1,140m against £1,303m at 30 September 2002, a decrease of £163m.
- No shares purchased in the quarter. In the first six months 5.6m shares purchased at an average price of £3.60 per share and total cost of £20.2m.
- Capital expenditure, acquisition and earnout payments (including a net £90m, after disposals, for Cordiant), share purchases and dividends totalled £529m in the 12 months to September, more than offset by cash flow of £552m (including £100m raised by means of a share placing to part-finance the acquisition of Cordiant) over the same period.

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Acquisitions

- Cordiant acquired with effect from 1 August 2003.
- Continued focus on small strategic acquisitions - a number completed during the quarter.
- Major focus continues to be on information, insight and consultancy and the faster growing sectors within branding & identity, healthcare and specialist communications.
- Acquisitions in advertising used to address specific client or local agency needs.
- Continue to find opportunities particularly outside the USA.

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