

WPP

Trading Statement for the
First Quarter 2004

April 2004

First Quarter 2004

Summary

- Reported revenue growth up almost 6%. On a constant currency basis, revenues up over 12%, primarily due to the weakness of the dollar.
- Like-for-like growth up almost 2%. Excluding Cordiant, like-for-like revenues up almost 4%.
- Stronger growth functionally in Advertising, Media Investment Management and Branding & Identity, Healthcare and Specialist Communications.
- A small number of strategic acquisitions completed during the quarter.

First Quarter 2004

Revenue by Discipline

	Revenue			
	2004	2003	% Change	% Change,
	£m	£m		constant
				currency
Advertising, Media Investment Management ¹	439.5	409.6	7.3	14.3
Information, Insight and Consultancy	158.3	161.0	-1.6	3.1
Public Relations & Public Affairs ¹	105.3	108.3	-2.8	5.6
Branding & Identity, Healthcare and Specialist Communications	257.2	229.6	12.0	19.2
Total	960.3	908.5	5.7	12.5

¹ 2003 comparatives restated to reflect the transfer of certain of the Group's operations previously included in Advertising, Media Investment Management to Public Relations & Public Affairs

First Quarter 2004

Advertising, Media Investment Management

- This sector performed well, strong organic growth in Media Investment Management.
- Continental Europe, Latin America and Asia Pacific showed above average growth.
- Acquisitions completed in Sweden, Indonesia and South Korea, with an increased stake in Germany.

First Quarter 2004

Information, Insight and Consultancy

- Strong revenue growth from Millward Brown, IMRB, Lightspeed, Added Value, BPRI and Henley Centre.
- Above average growth in Asia Pacific, Continental Europe and the UK.

First Quarter 2004

Public Relations & Public Affairs

- First quarter of 2004, second consecutive quarter of revenue growth.
- Strong performances at Cohn & Wolfe in the USA and Finsbury and Buchanan in the UK.
- Small acquisition completed in the USA and increased equity stake in the UK.

First Quarter 2004

Branding & Identity, Healthcare and Specialist Communications

- Strong growth in Group's healthcare agencies, CommonHealth and Sudler & Hennessey and in direct and interactive in OgilvyOne and JWT Specialised.
- Geographically, all regions showed strong growth, except Continental Europe.

First Quarter 2004

Revenue by Region

	Revenue		% Change	% Change, constant currency
	2004 £m	2003 £m		
North America	390.3	401.2	-2.7	10.8
UK	164.7	147.5	11.7	11.7
Continental Europe	246.0	228.8	7.5	7.2
Asia Pacific, Latin America, Africa & Middle East	159.3	131.0	21.6	28.2
Total	960.3	908.5	5.7	12.5

First Quarter 2004

Growth by region

- Strongest growth in Asia Pacific and Latin America, continued organic growth in North America.

First Quarter 2004

Revenue Growth by Country

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

*Constant currency basis

First Quarter 2004

Revenue Growth by Category

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

*Constant currency basis

First Quarter 2004

Impact of currency

- Impact of the weakness of the US dollar has reduced reported revenue growth by almost 7%.
- The average US dollar exchange for the first quarter of 2004 was \$1.839/£1 compared to \$1.604 for the same period last year – a fall of 12.8%. The average euro exchange rate for the first quarter was □ 1.471/£1 compared to □ 1.493 for the first quarter of 2003 – a 1.5% rise.

First Quarter 2004

Major New Business Wins/Losses

	Agency	Account	Office	Billings (\$m)
WINS	Y&R Brands	Microsoft	Worldwide	300
	Berlin Cameron/Red Cell	Safeway	USA	95
	OgilvyOne	Allstate	USA	50
	Berlin Cameron/Red Cell	Coca-Cola	USA	50
	JWT	Eli Lilly	USA	50
LOSSES	Y&R Advertising	Burger King	Worldwide	250
	Ogilvy	Bristol Myers Squibb	USA	70

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

First Quarter 2004

Uses of Cashflow

- Net debt at 31 March 2004 fell sharply by £538 million (£426 million at 2004 exchange rates) to £797 million, compared to £1,335 million at 31 March 2003.
- Average net debt in the first quarter down £376 million to £730 million, compared to £1,106 million in 2003, at 2004 exchange rates.
- Free cash flow in the last 12 months was £465 million. In the same period expenditure on capital, acquisitions and share repurchases and cancellations was £458 million.
- 6.6m shares purchased in the first quarter at a total cost of £36.8m, all of which were cancelled.

First Quarter 2004

Acquisitions

Advertising and Media Investment Management

Concept Media (Germany)¹
Stenstrom (Sweden)
AdForce (Indonesia)
Ablea (South Korea)
AdVenture Worldwide (South Korea)¹

Public Relations & Public Affairs

Civitas (USA)
Chime Communications (UK)¹

¹ Increased stake

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