

WPP

Trading Statement for the Third
Quarter 2005

28 October 2005

Third Quarter 2005 Summary

- Reported revenue growth up over 26%. On a constant currency basis, revenues up almost 23%, primarily reflecting strong organic growth and the inclusion of Grey Global Group (“Grey”). Reported growth was above the constant currency growth primarily due to the strength of the dollar and euro.
- Like-for-like growth up almost 5%.
- Double digit growth, in constant currency, across all sectors other than information, insight and consultancy reflecting the de-consolidation of AGB following the formation of the joint company in television audience measurement with AC Nielsen.
- Geographical pattern of revenue growth varied, with growth in North America and Europe reflecting the impact of Grey.

Third Quarter 2005

Revenue by Discipline: Third quarter

	Revenue		% Change		
	2005 £m	2004 £m	Reported	Constant Currency ¹	Like-for- like ²
Advertising, Media Investment Management	648.3	479.9	35.1	30.8	3.6
Information, Insight & Consultancy	203.5	195.6	4.0	1.5	7.1
Public Relations & Public Affairs	134.1	112.5	19.2	16.5	4.5
Branding & Identity, Healthcare and Specialist Communications	362.5	279.6	29.6	26.6	5.7
Total	1,348.4	1,067.6	26.3	22.8	4.8

¹ Constant currency revenue growth excludes the effect of currency movements

² Like-for-like revenue growth excludes the effect of currency movements and the impact of acquisitions

Third Quarter 2005

Revenue by Discipline: Year to Date

	Revenue		% Change		
	2005 £m	2004 £m	Reported	Constant Currency ¹	Like-for- like ²
Advertising, Media Investment Management	1,833.0	1,416.6	29.4	27.6	5.1
Information, Insight & Consultancy	591.0	532.0	11.1	10.0	6.8
Public Relations & Public Affairs	385.9	334.1	15.5	15.4	5.5
Branding & Identity, Healthcare and Specialist Communications	1,006.0	810.5	24.1	23.5	5.6
Total	3,815.9	3,093.2	23.4	22.2	5.5

¹ Constant currency revenue growth excludes the effect of currency movements

² Like-for-like revenue growth excludes the effect of currency movements and the impact of acquisitions

Third Quarter 2005

Advertising, Media Investment Management

- Constant currency revenue growth almost 31%, largely as a result of the acquisition of Grey Worldwide. Like-for-like growth almost 4%.
- This sector performed well with strong organic growth in Media Investment Management.
- UK, Asia Pacific, Latin America, Africa and Middle East all showed above average growth.
- Acquisitions in the US, Australia and Russia completed during the quarter.

Third Quarter 2005

Information, Insight and Consultancy

- Constant currency revenue growth up over 1%, largely impacted by the de-consolidation of AGB in 2005. Like-for-like growth up over 7%.
- Strong organic growth from Millward Brown, Kantar Media Research, IMRB, Ziment, Lightspeed, Management Ventures and Glendinning.
- Above average growth in North America, Latin America, Asia Pacific and Africa.
- M:Metrics (USA) investment completed.

Third Quarter 2005

Public Relations & Public Affairs

- Constant currency revenue growth over 16%, partly as a result of the acquisition of GCI. Like-for-like growth over 4%.
- Strong performances at Burson-Marsteller in Latin America and Asia Pacific, Hill & Knowlton in Asia Pacific, Cohn & Wolfe, Penn Schoen Berland and Ogilvy PR in the USA.
- Acquisitions completed in USA and China.

Third Quarter 2005

Branding & Identity, Healthcare and Specialist Communications

- Constant currency revenue growth up almost 27%, largely driven by the acquisition of Grey Synchronized Partners. Like-for-like growth up almost 6%.
- Strong organic growth in direct, internet and interactive at OgilvyOne, rmg:connect and Wunderman, in healthcare at Grey Healthcare, and in branding and identity at Landor, Enterprise and Fitch.
- Geographically, strong growth in the USA and Latin America.

Third Quarter 2005

Revenue by Region: Third Quarter

	Revenue		% Change		
	2005 £m	2004 £m	Reported	Constant Currency ¹	Like-for- like ²
North America	539.3	416.9	29.4	26.4	4.3
UK	204.5	186.5	9.7	9.7	3.0
Continental Europe	333.4	262.0	27.3	24.7	3.1
Asia Pacific, Latin America, Africa & Middle East	271.2	202.2	34.1	25.1	9.5
Total	1,348.4	1,067.6	26.3	22.8	4.8

¹ Constant currency revenue growth excludes the effect of currency movements

² Like-for-like revenue growth excludes the effect of currency movements and the impact of acquisitions

Third Quarter 2005

Revenue by Region: Year to Date

	Revenue		% Change		
	2005 £m	2004 £m	Reported	Constant Currency ¹	Like-for- like ²
North America	1,512.7	1,226.8	23.3	24.2	5.3
UK	593.4	529.9	12.0	12.0	2.8
Continental Europe	995.8	786.3	26.6	23.9	3.7
Asia Pacific, Latin America, Africa & Middle East	714.0	550.2	29.8	25.3	11.4
Total	3,815.9	3,093.2	23.4	22.2	5.5

¹ Constant currency revenue growth excludes the effect of currency movements

² Like-for-like revenue growth excludes the effect of currency movements and the impact of acquisitions

Third Quarter 2005

Growth by region

- Double-digit growth, in constant currency, effectively across all geographies.
- Strong organic growth in the USA, Asia Pacific and Latin America.

Third Quarter results for 2005

Revenue Growth by Country

Revenue Growth ¹	Countries
>20%	Australia, Brazil, Canada, China, Denmark, Germany, Hong Kong, Mexico, Sweden, Taiwan, USA
15-20%	India, Japan, Spain
10-15%	France, Netherlands, Singapore, UK
5-10%	Italy
0-5%	Belgium

¹Constant currency

Third Quarter results for 2005

Revenue Growth by Category

Revenue Growth ¹	Categories
>20%	Electrical, Financial Services, Personal Care & Drugs
15-20%	Computer, Drinks
10-15%	Food, Oil, Telecommunications
5-10%	Automotive, Retail

¹Constant currency

Third Quarter 2005

Impact of currency

- Year to date revenues up 23% in reportable currencies and 22% in constant currencies, the difference being primarily due to the strength of the euro.
- The average US dollar exchange rate for the first nine months of 2005 was \$1.843/£1 compared to \$1.822 for the same period last year – a fall of 1.1%. The average euro exchange rate for the first nine months was €1.460/£1 compared to €1.486 for the same period last year – a 1.8% rise.

Third Quarter 2005 Major New Business Wins (1)

Agency	Account	Office	Billings (\$m)
MediaCom	VW	USA	500
<u>Y&R</u>	<u>Sears²</u>	<u>USA</u>	<u>350</u>
mec	Cingular	USA	200
mec	Novartis ¹	Global	200
MindShare	Telefonica	Europe	200
<u>MediaCom</u>	<u>IKEA</u>	<u>Global</u>	<u>175</u>
MediaCom	Time Warner	France	135
GroupM	Shell	Global	120
Ogilvy	Lenovo	Global	100
Maxus	Church & Dwight	USA	80
JWT	Texas Instruments	USA	79
MindShare	Danone	Italy	75
Brand Buzz (Y&R Advertising)	LG	USA	70
<u>Grey Worldwide</u>	<u>Manpower</u>	<u>USA</u>	<u>50</u>
mec	RCS Media	Italy	50
<u>Y&R</u>	<u>Hilton Hotels</u>	<u>USA</u>	<u>45</u>
Joshua (Grey Direct)	Swatch	Global	45

(All billings figures are based on trade press estimates, where available)
Underlined figures are Q3 wins

¹ Consolidation from MediaCom and other agencies

² Consolidation from Ogilvy

Third Quarter 2005

Major New Business Wins (2)

Agency	Account	Office	Billings (\$m)
Ogilvy	Revlon	USA	40
GroupM	China Telecom	China	37
Ogilvy Healthworld/ OgilvyOne	Wyeth	USA	36
WINS	<u>Grey Worldwide</u>	<u>USA</u>	<u>35</u>
	<u>Ogilvy</u>	<u>UK</u>	<u>34</u>
mec	Netflix	USA	30
MindShare	Kellogg	Canada	26
MediaCom	Muller	UK	26
Maxus	GSK	Asia Pacific	25

(All billings figures are based on trade press estimates, where available)
Underlined figures are Q3 wins

Third Quarter 2005 Major New Business Losses

Agency	Account	Office	Billings (\$m)
Ogilvy	Sears²	USA	350
Y&R	Sony	USA	125
MediaCom	Novartis ¹	Global	100
Y&R	Jaguar	Global	100
MindShare/ mec	Mattel	USA	80
LOSSES			
Ogilvy	AEFA	USA	55
<u>Ogilvy</u>	<u>Motorola</u>	<u>USA</u>	<u>50</u>
<u>Ogilvy</u>	<u>Coca Cola</u>	<u>USA</u>	<u>44</u>
mec	Cencosud	Chile	40
<u>mec</u>	<u>Richemont</u>	<u>Europe</u>	<u>30</u>
<u>Ogilvy</u>	<u>Hershey</u>	<u>USA</u>	<u>30</u>
MindShare	Western Union	USA	30

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

Underlined figures are Q3 losses

¹ Switch to mec

² Switch to Y&R

Third Quarter 2005

Uses of Cashflow

- Average net debt in the first nine months up £20 million to £1,137 million, compared to £1,117 million in 2004, at 2005 exchange rates. This includes a £384 million gross payment for Grey.
- Net debt at 30 September 2005 was £1,326 million, an increase of £206 million at constant exchange rates.
- Free cash flow in the last 12 months was £660 million. In the same period expenditure on capital, acquisitions and share repurchases and cancellations was £809 million.
- 19.3m shares purchased in the first nine months at a total cost of £113m, of which 16.6m were cancelled.

Third Quarter 2005

Acquisitions

Advertising and Media Investment Management

Malone Advertising (USA)
Gallagher (USA)
TCG (Australia)
Video international (Russia)

Public Relations & Public Affairs

Federalist Group (USA)
IPR (Hong Kong)

Information, Insight & Consultancy

M:Metrics (USA)

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