

# WPP

## 2007 Interim Results London

August 2007



# WPP

1

2007 Interim Results

2

Key Priorities, Objectives and Strategy

3

Conclusions



# WPP

1

2007 Interim Results



# 2007 Interim Results

- Billings up almost 5% to £15.085 billion.
- Reported revenue up 2%. On a constant currency basis, revenue up 7.7%. Like-for-like revenue up 5.3%.
- Headline PBIT up 6.1% to £383.1m from £361.0m, up 12.1% in constant currency.
- Operating margin up 0.5 margin points to 13.1% from 12.6% in line with objectives.



# 2007 Interim Results

- Headline PBT up 6.9% to £338.0m from £316.1m, up 13.7% in constant currency.
- Tax rate on headline profits was down 2.1 percentage points to 26.9% from 29.0%
- Diluted headline EPS up 9.6% to 18.2p from 16.6p, up 18.8% in constant currency.
- Interim dividend up 20% to 4.32p per share.
- Estimated net new business billings of £1.565 billion (\$3.051 billion).
- Acquisition of new technology company 24/7 Real Media Inc. completed on 2 July 2007.



# 2007 Interim Results

- If reporting as a US company<sup>1</sup>:
  - Reportable revenue up 12.3% to \$5.764 billion.
  - Headline operating profit up 16.5% to \$757.6 million.
  - Headline profit before tax up 17.2% to \$668.6 million.
  - EBITDA up 15.9% to \$894.4 million.
  - Diluted headline earnings per share up 20.4% to 36.0¢.

<sup>1</sup> See Appendix 2 to the Group's 2007 interim results.



# 2007 Interim Results

## Growth vs Prior Period

	Revenue %	Headline <sup>2</sup> PBIT %	Headline <sup>2</sup> EPS %
Like-for-like	5.3	n/a	n/a
Acquisitions	2.4	n/a	n/a
Constant currency	7.7	12.1	18.8
Foreign exchange	(5.7)	(6.0)	(9.2)
<b>Reportable sterling</b>	<b>2.0</b>	<b>6.1</b>	<b>9.6</b>
<b>Reportable US dollars<sup>1</sup></b>	<b>12.3</b>	<b>16.5</b>	<b>20.4</b>

<sup>1</sup> Translated into US\$, using among other currencies, average exchange rates of US\$ /£ for H1 2007 of \$1.970, compared to \$1.791 for H1 2006.

<sup>2</sup>Figures before goodwill and intangibles charges, investment gains, share of exceptional 7 gains of associates, and revaluation of financial instruments.

The logo for WPP, consisting of the letters 'WPP' in a bold, serif font.



# 2007 Interim Results

## Unaudited IFRS Income Statement

Six months to 30 June

	2007 £m	2006 £m	Change %	Constant Currency %
Revenue	2,921.0	2,864.4	2.0	7.7
<b>Operating Profit pre-goodwill/ intangibles</b>	<b>363.6</b>	<b>339.7</b>	7.0	12.9
Goodwill/ intangibles charges, FA gains	(44.1)	(31.8)	(38.7)	(47.0)
<b>Operating Profit</b>	<b>319.5</b>	<b>307.9</b>	3.8	9.3
Income from associates	19.5	25.3	(22.9)	(17.9)
<b>PBIT</b>	<b>339.0</b>	<b>333.2</b>	1.7	7.3
Net finance costs	(44.9)	(46.1)	2.6	2.0
<b>Profit before tax</b>	<b>294.1</b>	<b>287.1</b>	2.4	8.9
Tax	(90.9)	(91.7)	0.9	(1.8)
<b>Profit after tax</b>	<b>203.2</b>	<b>195.4</b>	4.0	12.4
Standard diluted EPS	14.7p	14.3p	2.8	11.7

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# 2007 Interim Results

## Unaudited Headline<sup>1</sup> IFRS Income Statement

	Six months to 30 June		Change %	Constant Currency %
	2007 £m	2006 £m		
Revenue	2,921.0	2,864.4	2.0	7.7
<b>Headline operating profit</b>	<b>363.6</b>	<b>339.7</b>	7.0	12.9
Income from associates	19.5	21.3	(8.5)	(1.0)
<b>Headline PBIT</b>	<b>383.1</b>	<b>361.0</b>	6.1	12.1
Net finance costs	(45.1)	(44.9)	(0.4)	(1.3)
<b>Profit before tax</b>	<b>338.0</b>	<b>316.1</b>	6.9	13.8
Tax at 26.9% (2006 29.0%)	(90.9)	(91.7)	0.9	(1.8)
<b>Profit after tax</b>	<b>247.1</b>	<b>224.4</b>	10.1	18.9
<b>Headline diluted EPS</b>	<b>18.2p</b>	<b>16.6p</b>	<b>9.6</b>	<b>18.8</b>
Headline operating margin	13.1%	12.6%	+0.5 <sup>2</sup>	
Headline EBITDA	452.5	428.9	5.5	11.4

<sup>1</sup> Figures before goodwill and intangibles charges, investment gains, share of exceptional gains of associates, and revaluation of financial instruments

<sup>2</sup> Margin points

**WPP**



# 2007 Interim Results

## Revenue by Discipline

	2007 £m	2006 £m	% Change		
			Reported	Constant Currency	Like-for- like
Advertising, Media Investment Management	1,364.4	1,354.4	0.7%	6.0%	5.2%
Information, Insight & Consultancy	431.8	438.9	-1.6%	3.3% <sup>1</sup>	1.3% <sup>2</sup>
Public Relations & Public Affairs	313.0	290.3	7.8%	14.8%	7.7%
Branding & Identity, Healthcare and Specialist Communications	811.8	780.8	4.0%	10.5%	6.8%
<b>Total</b>	<b>2,921.0</b>	<b>2,864.4</b>	<b>2.0%</b>	<b>7.7%</b>	<b>5.3%<sup>3</sup></b>

<sup>1</sup> Constant currency gross margin for Information, Insight & Consultancy up 5.9%

<sup>2</sup> Like-for-like gross margin for Information, Insight & Consultancy up 4.2%

<sup>3</sup> Like-for-like gross margin for the Group up 5.7%



# 2007 Interim Results

## Revenue by Region

	2007 £m	2006 £m	% Change		
			Reported	Constant Currency	Like-for- like
North America	1,111.6	1,135.5	-2.1%	8.3%	5.1%
UK	430.4	415.1	3.7%	3.7% <sup>1</sup>	2.3% <sup>2</sup>
Continental Europe	771.6	741.4	4.1%	6.0%	3.1%
Asia Pacific, Latin America, Africa & Middle East	607.4	572.4	6.1%	11.9%	10.9%
<b>Total</b>	<b>2,921.0</b>	<b>2,864.4</b>	<b>2.0%</b>	<b>7.7%</b>	<b>5.3%<sup>3</sup></b>

<sup>1</sup> Constant currency gross margin for the UK up 4.9%

<sup>2</sup> Like-for-like gross margin for the UK up 4.1%

<sup>3</sup> Like-for-like gross margin for the Group up 5.7%



# 2007 Interim Results

## Headline PBIT<sup>1</sup> and Margin<sup>1</sup> by Discipline

	Headline PBIT		Headline Margin	
	2007	2006	2007	2006
	£m	£m	%	%
Advertising, Media Investment Management	201.1	190.3	14.7	14.1
Information, Insight & Consultancy	42.0	41.5	9.7	9.5
Public Relations & Public Affairs	46.0	40.3	14.7	13.9
Branding & Identity, Healthcare and Specialist Communications	94.0	88.9	11.6	11.4
<b>Total</b>	<b>383.1</b>	<b>361.0</b>	<b>13.1</b>	<b>12.6</b>

<sup>1</sup> Headline PBIT/ margin: profit before finance income/ costs, taxation, goodwill and intangibles charges, investment gains, and share of exceptional gains of associates



# 2007 Interim Results

## Headline PBIT<sup>1</sup> and Margin<sup>1</sup> by Region

	Headline PBIT		Headline Margin	
	2007	2006	2007	2006
	£m	£m	%	%
North America	175.8	176.1	15.8	15.5
UK	47.5	36.7	11.0	8.8
Continental Europe	90.2	85.8	11.7	11.6
Asia Pacific, Latin America, Africa & Middle East	69.6	62.4	11.5	10.9
<b>Total</b>	<b>383.1</b>	<b>361.0</b>	<b>13.1</b>	<b>12.6</b>

<sup>1</sup> Headline PBIT/ margin: profit before finance income/ costs, taxation, goodwill and intangibles charges, investment gains, and share of exceptional gains of associates



# 2007 Interim Results

## Revenue Growth by Country

Revenue Growth <sup>1</sup>	Countries
20%+	Greater China, India
15-20%	Singapore, Thailand
10-15%	Brazil, Spain
5-10%	Canada, Germany, Italy, Mexico, Poland, USA
<5%	Australia, Belgium, Denmark, France, Japan, Netherlands, Sweden, UK

<sup>1</sup>Constant currency



# 2007 Interim Results

## Revenue Growth by Category

Revenue Growth <sup>1</sup>	Categories
20%+	Entertainment, Retail
15-20%	n/a
10-15%	Drinks, Food
5-10%	Automotive, Financial Services, Telecommunications, Personal Care & Drugs
<5%	Computer, Oil



# 2007 Interim Results

## Effects of Strength of Sterling

- Sterling was stronger on average in the first half of 2007 than in 2006 by 10.0% against the dollar, by 1.8% against the euro, and by 14.3% against the Japanese yen.
- Impact of currency reduced constant currency revenue growth of 7.7% by 5.7% to 2.0% on a reportable basis.
- Headline PBT<sup>1</sup> of £338m would have been £358m had sterling remained at the same levels as 2006.

<sup>1</sup> Figures before goodwill and intangibles charges, investment gains, share of exceptional gains of associates, and revaluation of financial instruments



# 2007 Interim Results

## Trade Estimates of Major New Business Wins

Agency	Account	Office	Billings (\$m)
<u>mec</u>	<u>Paramount</u>	<u>Worldwide</u>	<u>250</u>
mec	Macy's	USA	200
mec	Energizer	USA	130
<u>United</u>	<u>IOC</u>	<u>USA &amp; Europe</u>	<u>120</u>
Berlin Cameron	Heineken	USA	80
<u>Grey</u>	<u>Toshiba</u>	<u>EMEA</u>	<u>50</u>
<u>MediaCom</u>	<u>Staples</u>	<u>Canada/ UK</u>	<u>37</u>
<u>HTW Wunderman</u>	<u>Orange</u>	<u>UK</u>	<u>36</u>
<u>OgilvyOne</u>	<u>British Gas</u>	<u>UK</u>	<u>35</u>
Ogilvy	Unilever (Vaseline)	Global	30
<u>MediaCom</u>	<u>Burger King</u>	<u>Europe</u>	<u>25</u>

Underlined figures are Q2 wins



# 2007 Interim Results

## Trade Estimates of Major New Business Losses

Agency	Account	Office	Billings (\$m)
<u>MindShare</u>	<u>Sears</u>	<u>USA</u>	<u>740</u> <sup>1</sup>
MindShare	Twentieth Century Fox	USA	500 <sup>1</sup>
mec	United Airlines	USA	100
<u>Y&amp;R</u>	<u>Toys R Us</u>	<u>USA</u>	<u>90</u>
<u>Ogilvy</u>	<u>Quiznos</u>	<u>USA</u>	<u>80</u>
MediaCom	DWP	UK	75
<u>Y&amp;R</u>	<u>Weight Watchers</u>	<u>USA</u>	<u>70</u>
<u>JWT</u>	<u>Kraft – Ritz/ Chips</u>	<u>USA</u>	<u>70</u>
<u>Batey</u>	<u>Singapore Airlines</u>	<u>Asia</u>	<u>60</u>
<u>Brouillard</u>	<u>Ruby Tuesday</u>	<u>USA</u>	<u>50</u>
<u>Grey</u>	<u>PagesJaunes</u>	<u>Europe</u>	<u>50</u>
<u>JWT</u>	<u>Kraft - Lunchables</u>	<u>USA</u>	<u>40</u>
<u>MindShare</u>	<u>BirdsEye</u>	<u>UK</u>	<u>30</u>
<u>Grey</u>	<u>Nokia</u>	<u>UK</u>	<u>30</u>

Underlined figures are Q2 losses

<sup>1</sup> Internal MindShare estimates of billings lost is \$676m in total compared with Trade Press Estimates of \$1,240m. Actual annualised 2006 revenues lost for these two accounts is \$18m.



# 2007 Interim Results

## Internal Estimates of Net New Business Wins

Billings (\$m)	Creative	Media	Total
Advertising	456	2,033	2,489
Other Businesses	562	-	562
<b>Total 2007</b>	<b>1,018</b>	<b>2,033</b>	<b>3,051</b>



# 2007 Interim Results

## Trade Estimates of Major New Business Wins & Losses Since 1 July

	Agency	Account	Office	Billings (\$m)
	MediaCom	GSK	Europe	100
	MediaCom	Michelin	USA	100
	mec	BT	UK	100
<b>WINS</b>	mec	SABMiller	Worldwide	100
	JWT	Johnson & Johnson	N America	83
	Ogilvy	Kraft – Oscar Mayer <sup>1</sup>	USA	60
	MindShare	Admiral	UK	30
	Ogilvy	American Express	USA	75
<b>LOSSES</b>	JWT	Kraft – Oscar Mayer <sup>1</sup>	USA	60
	JWT	Kraft - Singles	USA	40

<sup>1</sup> Kraft (Oscar Mayer) transferred from JWT to Ogilvy



# 2007 Interim Results

## Cash Flow

	<b>2007</b>	<b>2006</b>
	<b>£m</b>	<b>£m</b>
<b>Operating profit</b>	<b>320</b>	<b>308</b>
Non-cash compensation	33	38
Depreciation	70	67
Goodwill amortisation and impairment	47	36
Net interest paid & similar charges <sup>1</sup>	(67)	(37)
Tax paid	(76)	(69)
<b>Net cash generation</b>	<b>327</b>	<b>343</b>

<sup>1</sup> Includes £22m of 1% rolled-up coupon on maturity of the £450m 3% convertible



# 2007 Interim Results

## Uses of Cash Flow

	<b>2007</b>	<b>2006</b>
	<b>£m</b>	<b>£m</b>
<b>Net cash generation</b>	<b>327</b>	<b>343</b>
Capital expenditure	(72)	(74)
Acquisition payments:		
– Net initial payments <sup>1</sup>	(141)	(32)
– Earnout payments	(65)	(81)
– Loan note redemptions	(2)	(12)
	<b>(208)</b>	<b>(125)</b>
Share repurchases	(209)	(162)
Other	24	50
<b>Net cash (outflow)/ inflow before NWC changes</b>	<b>(138)</b>	<b>32</b>

<sup>1</sup> Net initial payments are net of disposal proceeds



# 2007 Interim Results

## Net Finance Costs/ (Income)

£'m	2007	2006	B/(W)
<b>Net debt interest</b>	<b>40.9</b>	<b>34.3</b>	<b>(6.6)</b>
Investment income	(4.0)	(0.5)	3.5
IAS 19 (Pensions)	3.1	3.5	0.4
Earnout interest	0.5	1.2	0.7
IAS 32 (Convertibles)	4.6	6.4	1.8
	<b>4.2</b>	<b>10.6</b>	<b>6.4</b>
<b>Headline finance costs</b>	<b>45.1</b>	<b>44.9</b>	<b>(0.2)</b>
IAS 39 (Financial Instruments)	(0.2)	1.2	(1.4)
<b>Net finance costs</b>	<b>44.9</b>	<b>46.1</b>	<b>1.2</b>



# 2007 Interim Results

## Net Debt - 30 June 2007

	2007 £m	2006 £m	% Variance
Net debt at 30 June	(1,264)	(1,219)	(4%)
YTD average net debt on constant currency basis	(1,196)	(1,111)	(8%)
YTD average net debt on reportable currency basis	(1,196)	(1,170)	(2%)
Headline finance costs	(45)	(45)	-
Interest cover on Headline PBIT <sup>1</sup>	8.5x	8.0x	

<sup>1</sup> Headline PBIT: profit before finance income/ costs, taxation, goodwill and intangibles charges, investment gains, and share of exceptional gains of associates



# 2007 Interim Results

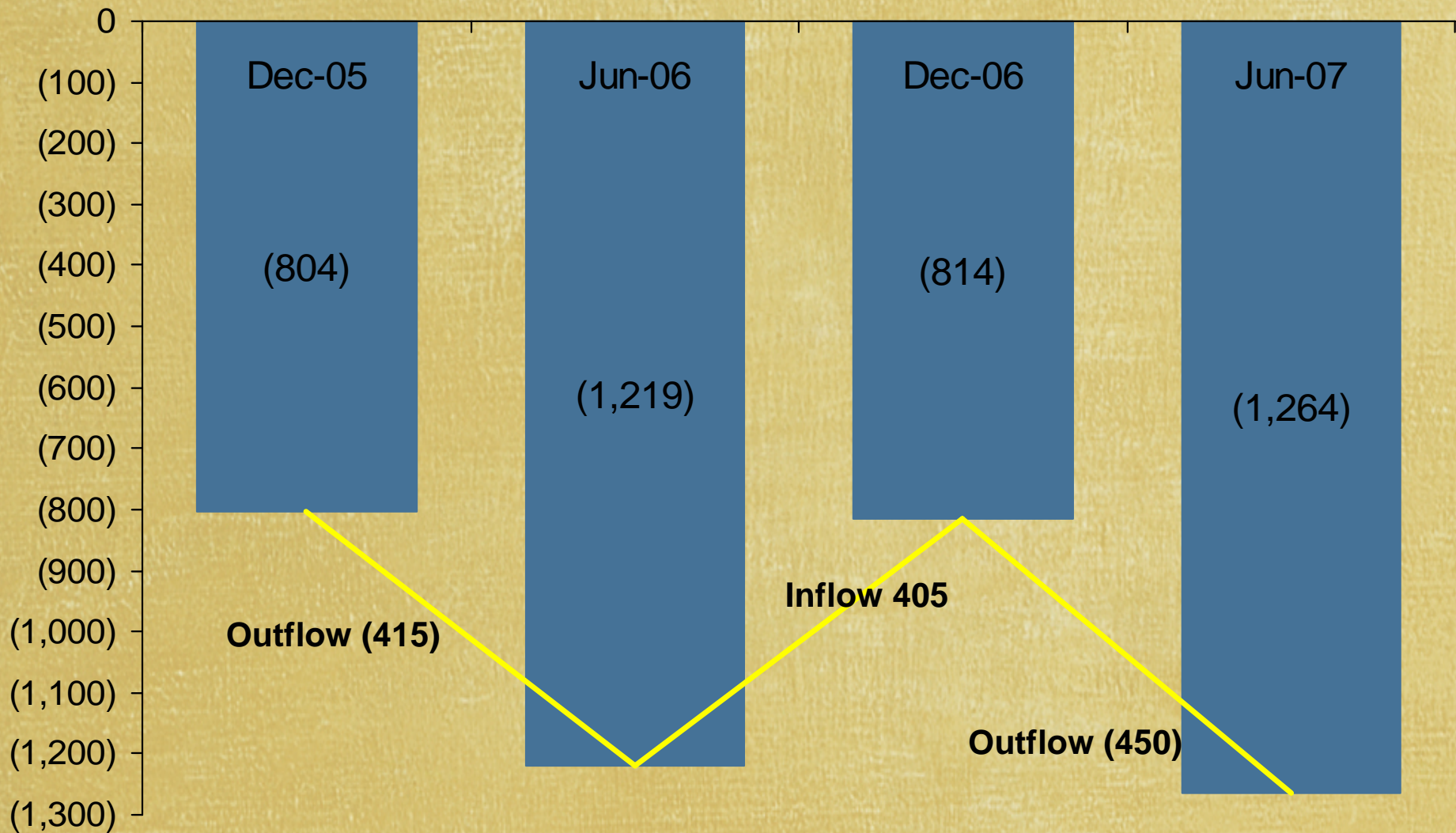
## Debt Maturity Profile \$m

	Total	2008	2009	2012	2013	2014	2017	2033
Grey 5% convertible	150							150
£ bonds £400m (6% 2017)	780						780	
US bond \$650m (5.875% 2014)	650					650		
Eurobonds €600m (4.375% 2013)	780				780			
Yankee bonds \$100m (6.875% 2008)	100	100						
Eurobonds €650m (6% 2008)	845	845						
<b>Term debt</b>	<b>3,305</b>	<b>945</b>	<b>-</b>	<b>-</b>	<b>780</b>	<b>650</b>	<b>780</b>	<b>150</b>
<b>Committed bank facility</b>	<b>2,050</b>		<b>450</b>	<b>1,600</b>				
<b>Total borrowing capacity</b>	<b>5,355</b>	<b>945</b>	<b>450</b>	<b>1,600</b>	<b>780</b>	<b>650</b>	<b>780</b>	<b>150</b>



# Net Debt

## Half Yearly Position £m





# 2007 Interim Results

## Ordinary Shares - Basic

	June 2007 Actual	June 2006 Actual	
No. of Shares (million)			
1 January	1,241	1,252	
Share buy-back	(28) <sup>1</sup>	(18) <sup>2</sup>	
Option exercise	5	15	
30 June	1,218	1,249	-2.5%
Weighted Average	1,231	1,252	
ESOP	(42)	(47)	
Average Basic	1,189	1,205	-1.3%



# 2007 Interim Results

## Ordinary Shares – Diluted

	June 2007 Actual	June 2006 Actual	
No. of Shares (millions)			
Average Basic	1,189	1,205	-1.3%
Share Option Dilution	21	18	
Other Potentially Issuable Shares	24	11	
Sub-Total	1,234	1,234	
Convertibles: WPP £450m	n/a	anti-dilutive	
Grey \$150m <sup>1</sup>	9	9	
Fully Diluted Shares	1,243	1,243	-

<sup>1</sup> Income adjustment attributable to Grey convertibles is £1.1m pa



# WPP

2

Key Priorities, Objectives and Strategy



# Key Priorities, Objective and Strategy

## Long-term factors

- Globalisation /Americanisation /BRICs
- Overcapacity, shortage of human capital
- The Web (internet penetration, e-commerce, mobile)
- Internal communications
- Retail concentration
- Corporate Social Responsibility and the environment



# Key Priorities, Objectives and Strategy

- Faster growing markets to be one third of total group
- Marketing services to be two thirds of total group
- Quantitative disciplines to be one half of total group



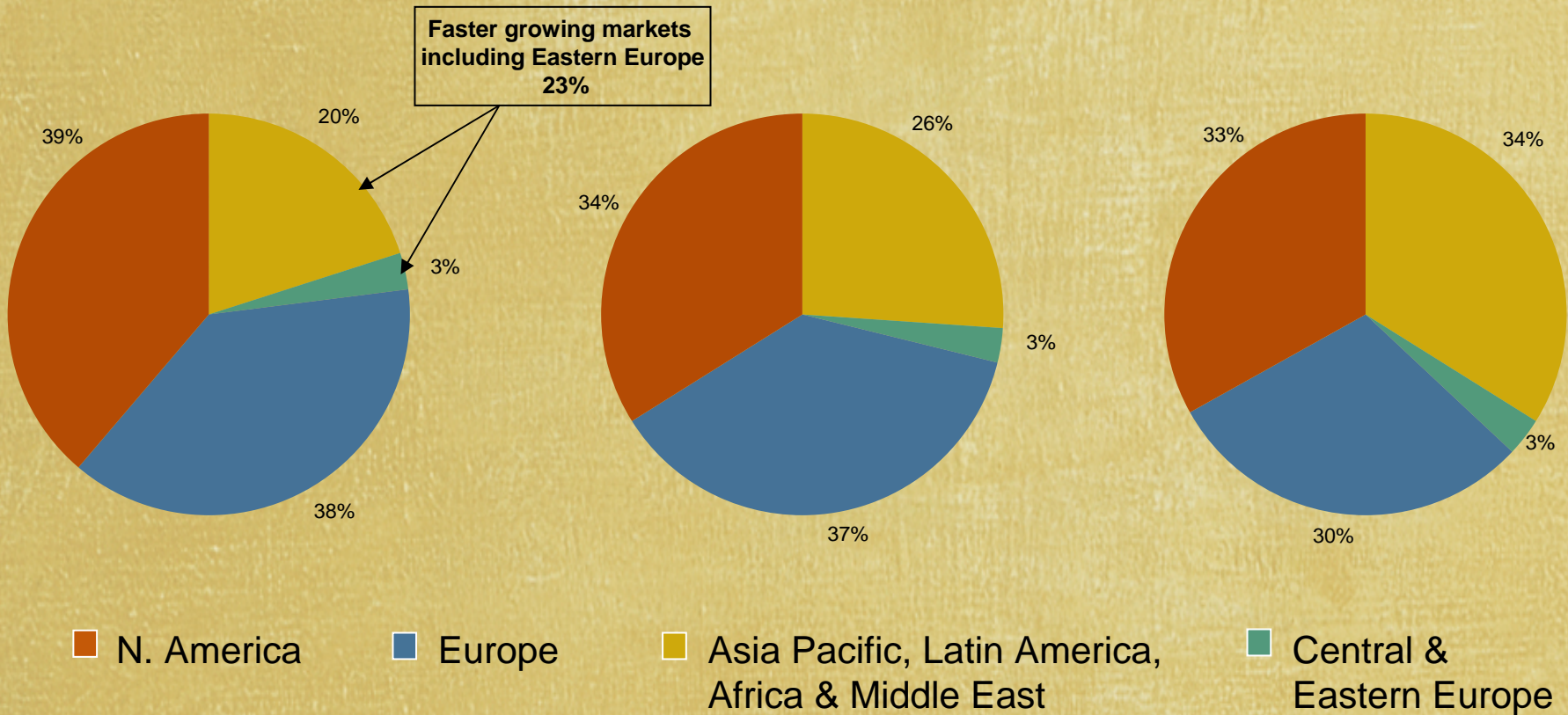
# Key Priorities, Objectives and Strategy

## Faster Growing Markets To Be One Third of Total Group

Today<sup>1</sup>

Today Including Associates<sup>1</sup>

Tomorrow

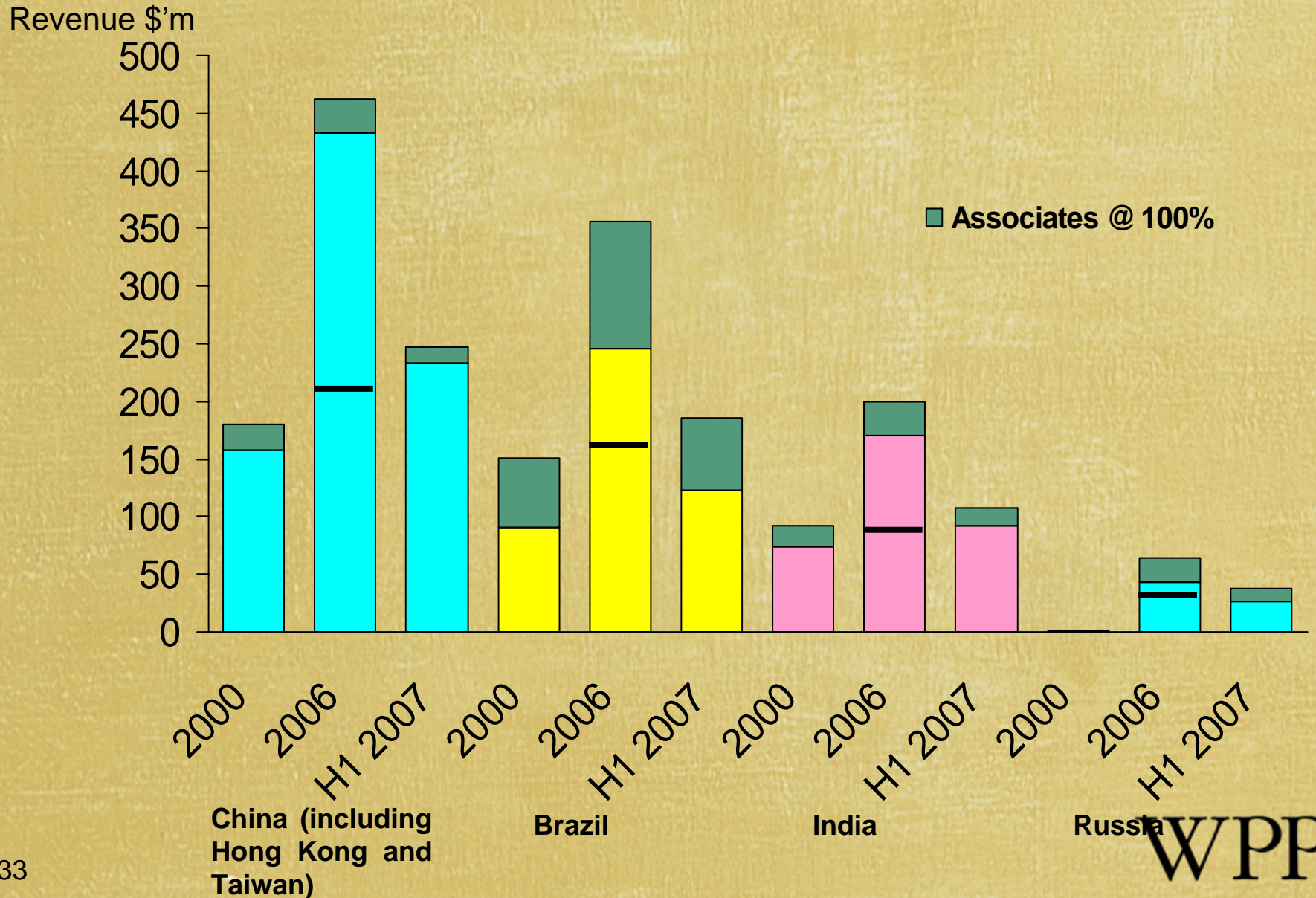


<sup>1</sup> Based on full year 2006 revenue



# Key Priorities, Objectives and Strategy

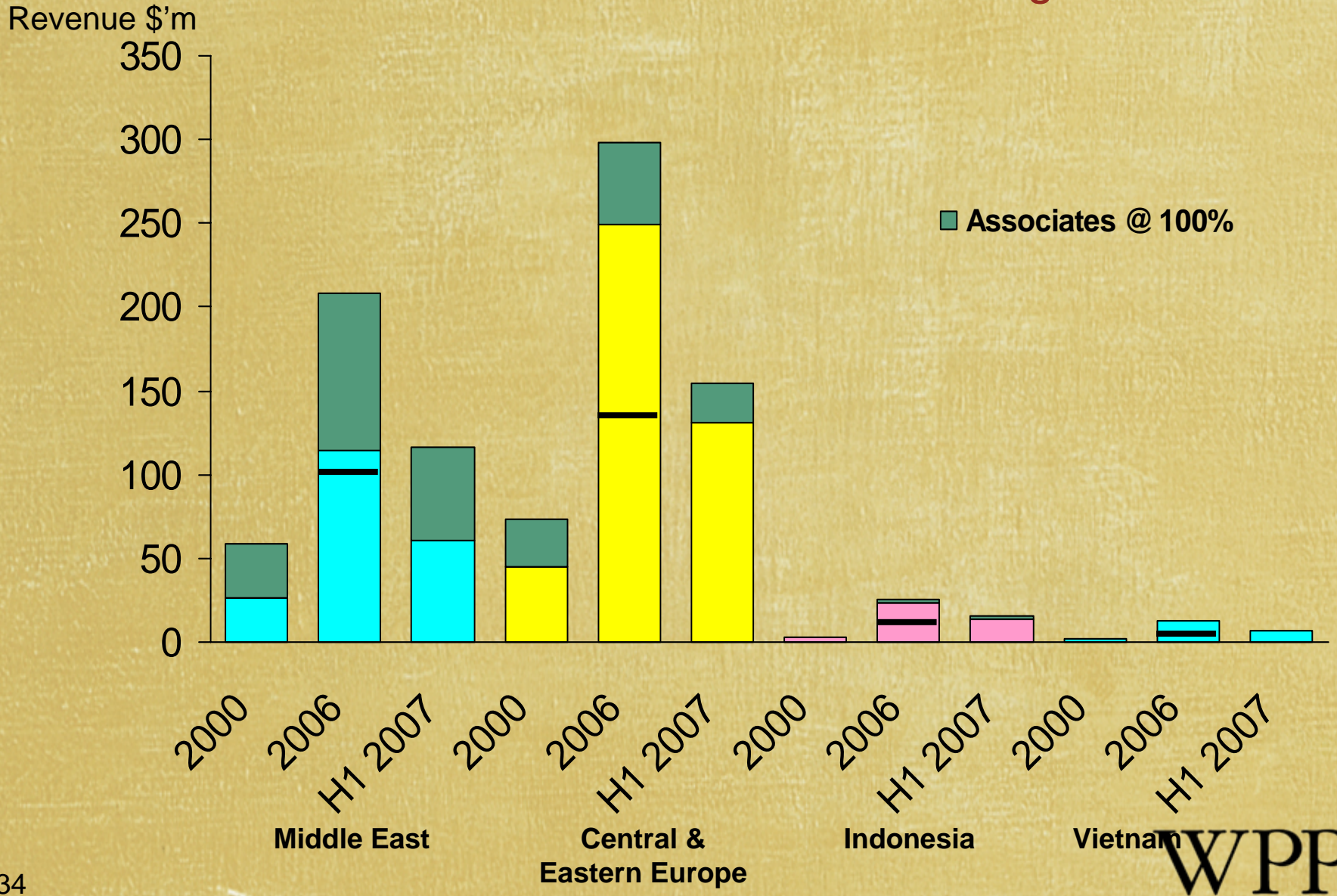
## WPP's Performance Strong in BRIC Markets





# Key Priorities, Objectives and Strategy

## WPP's Performance in Other Faster Growing Markets





# Key Priorities, Objectives and Strategy

## WPP in Faster Growing Markets

Region	Market	Billings <sup>1</sup> \$bn	% Share <sup>1</sup>	Rank <sup>1</sup>	12 month <sup>2</sup> Revenue \$bn	People <sup>2</sup> '000
Asia	Greater China <sup>3</sup>	2.5	36%	1	0.5	7.8
	India	1.0	56%	1	0.2	5.8
	Thailand	0.3	39%	1	0.1	1.2
LatAm	Brazil <sup>5</sup>	1.1	25%	1	0.4	3.8
	Mexico	0.8	24%	2	0.1	1.5
	Argentina	0.2	19%	3	0.1	1.0
Other	Africa/Middle East <sup>4</sup>	0.8	24%	2	0.4	4.3
	Poland	0.8	29%	1	0.1	1.0
	Russia	0.7	25%	2	0.1	1.0

<sup>1</sup> Source RECMA 2006 Definitive share of networks as issued August 2007.

<sup>2</sup> Year to 30 June 2007 including associates, people at 30 June 2007.

<sup>3</sup> Greater China is China, Hong Kong and Taiwan.

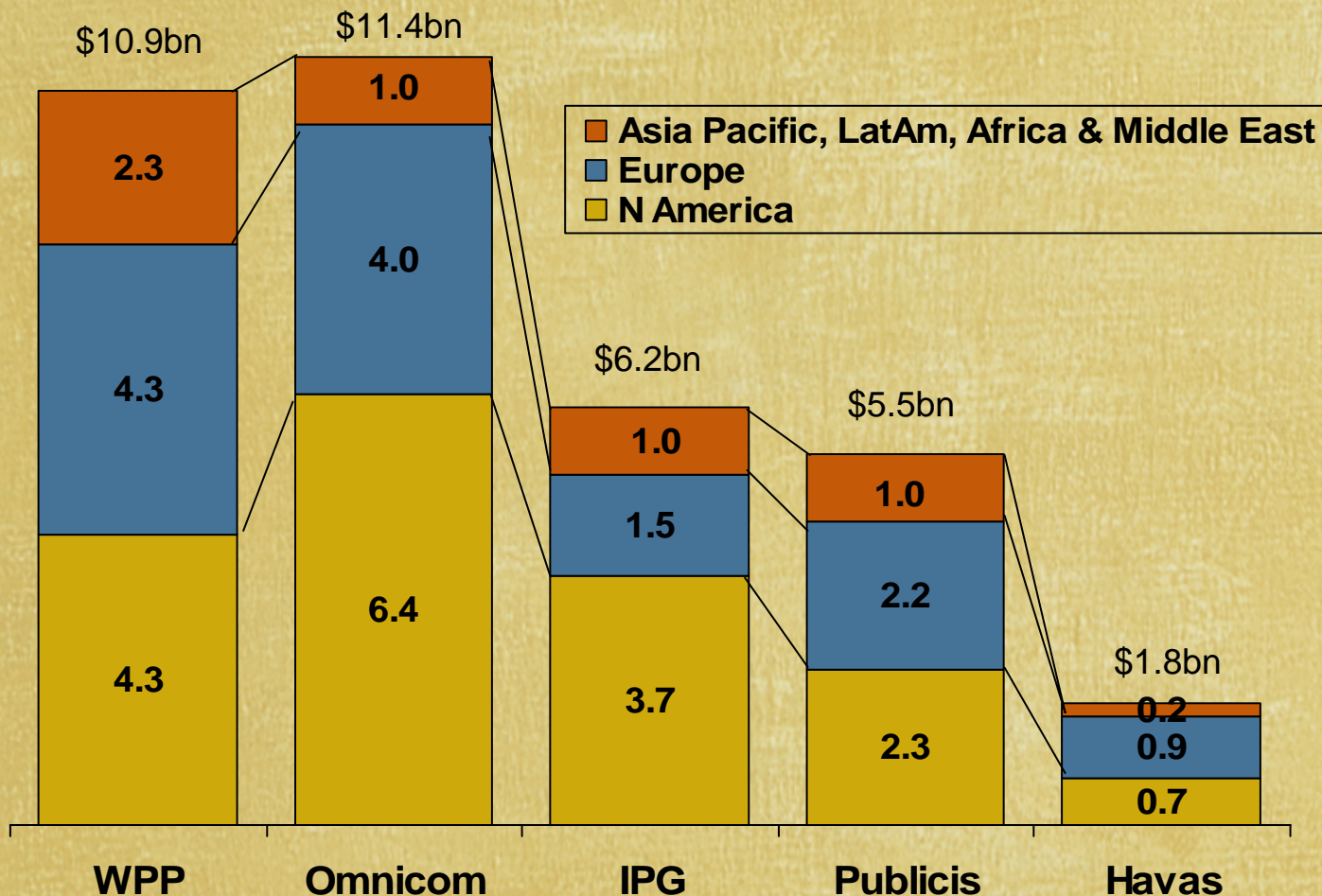
<sup>4</sup> Africa/Middle East has large independents with over 50% of the market.

<sup>5</sup> WPP estimate.



# Key Priorities, Objective and Strategy

## Revenue by Geography



<sup>1</sup> Source: WPP - sterling revenues converted @ \$1.84= £1 based on the average for 2006. Omnicom, IPG, Publicis and Havas - ccompany reports for 2006.

<sup>2</sup> FX. Havas and Publicis assumes \$1=€0.796 based on the average for 2006.

<sup>3</sup> OMC. Assumes "non Euro currency" Europe, ie Switzerland, Turkey, Norway, Denmark, Sweden and Eastern Europe are ca 4.5% of revenue and Canada is 1.5% of revenue.

<sup>4</sup> IPG. Assumes Canada is ca 1.5% of revenue

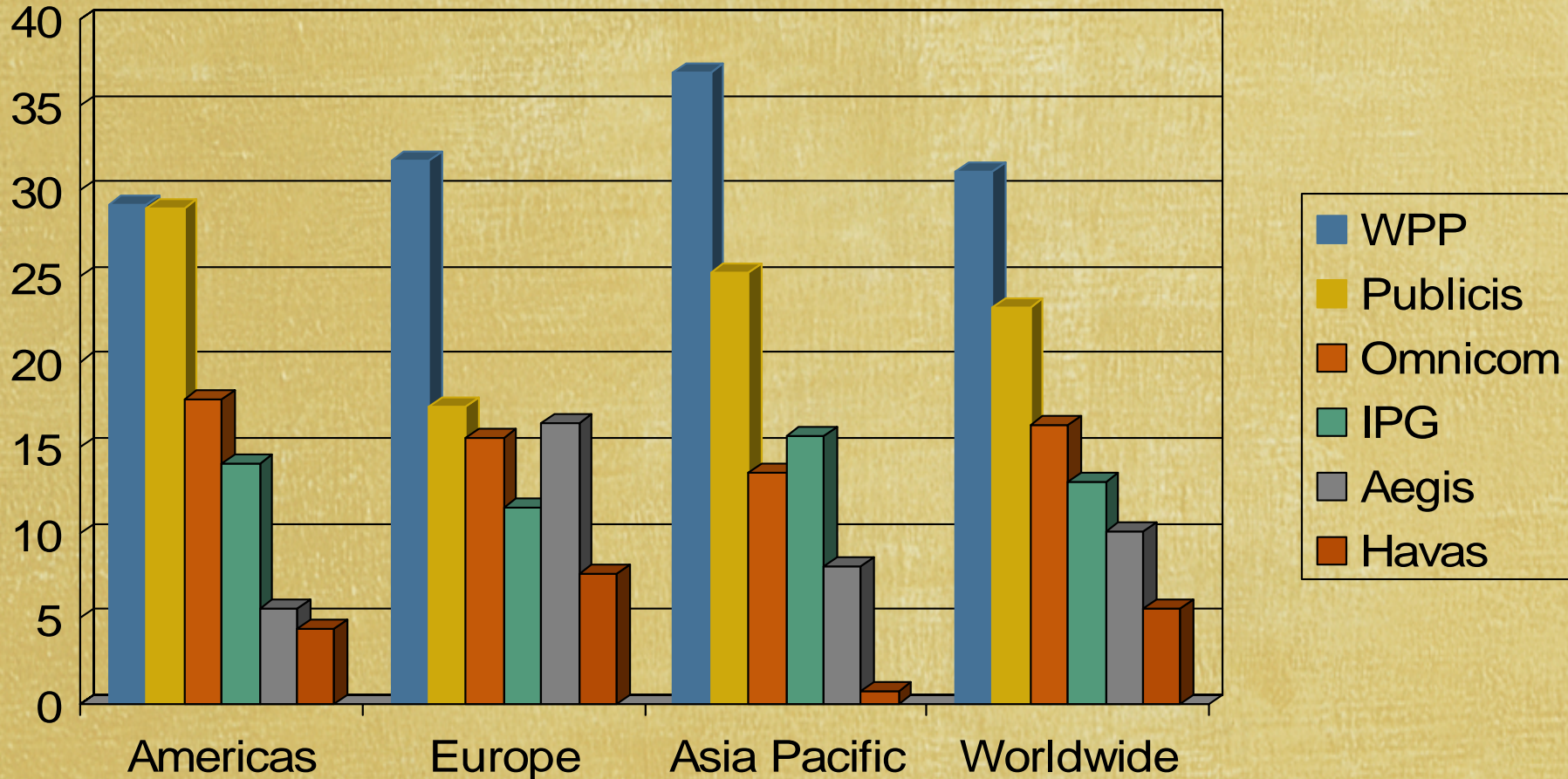
<sup>5</sup> Rest of World. Asia Pacific, Latin America, Middle East and Africa



# Key Priorities, Objectives and Strategy

## Media Billings by Geography

Worldwide ranking by Group as % of the Six Groups



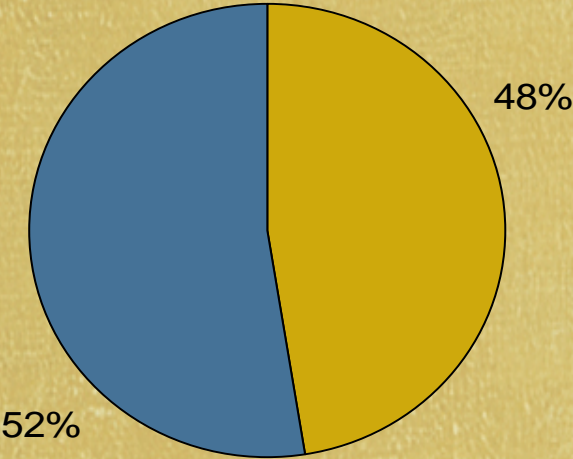
Source: RECMA Billings report – August 2007, Definitive 2006 network key data, table 1b



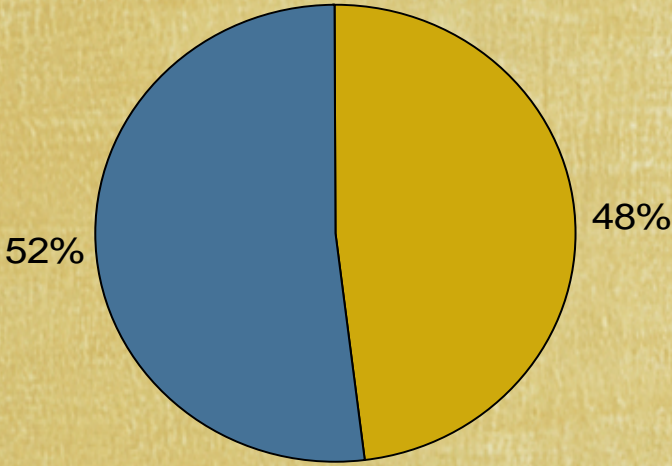
# Key Priorities, Objectives and Strategy

## Marketing services To be Two Thirds of Total Group

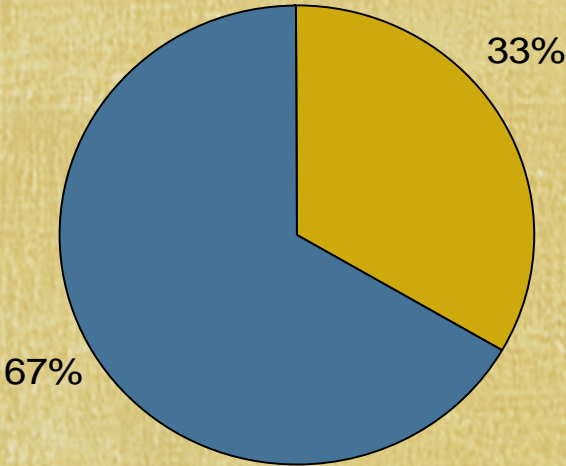
Today<sup>1</sup>



Today including associates<sup>1</sup>



Tomorrow



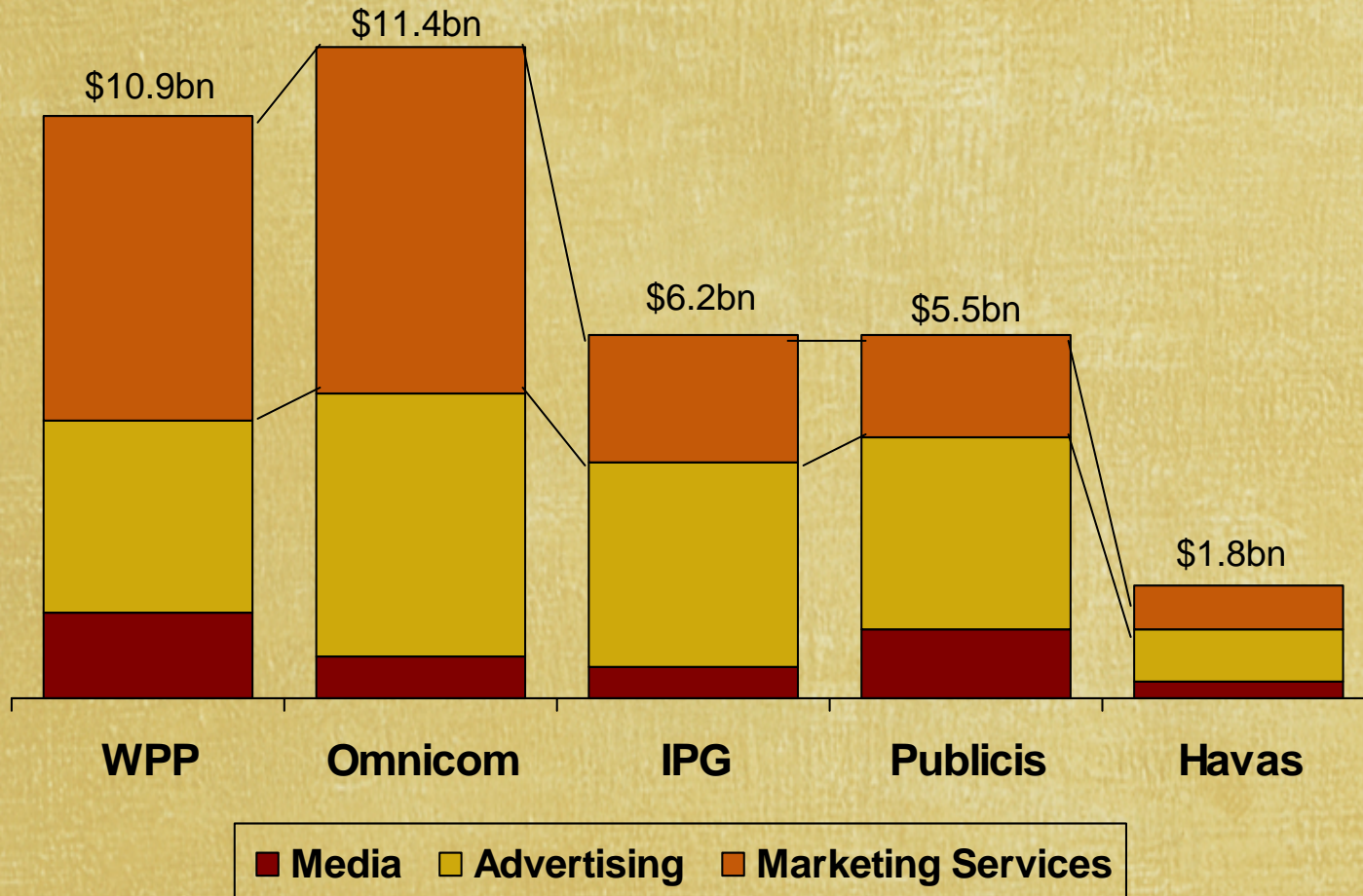
■ Advertising & Media Investment Management    ■ Marketing Services

<sup>1</sup> Based on full year 2006 revenue



# Key Priorities, Objective and Strategy

## Revenue by Discipline



Source: <sup>1</sup> 2006 Company Presentations.

<sup>2</sup> Media based on Deutsche Bank estimates.

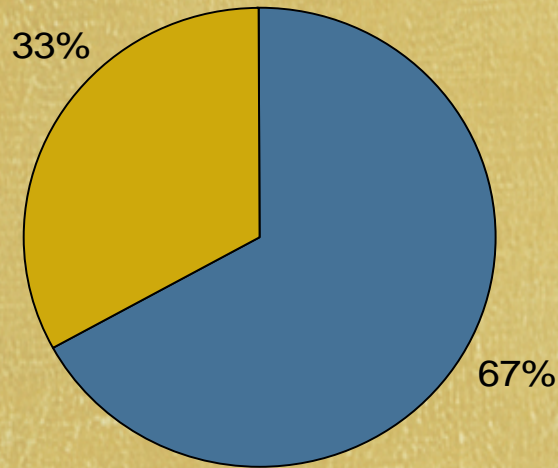
<sup>3</sup> IPG based on analysts estimates



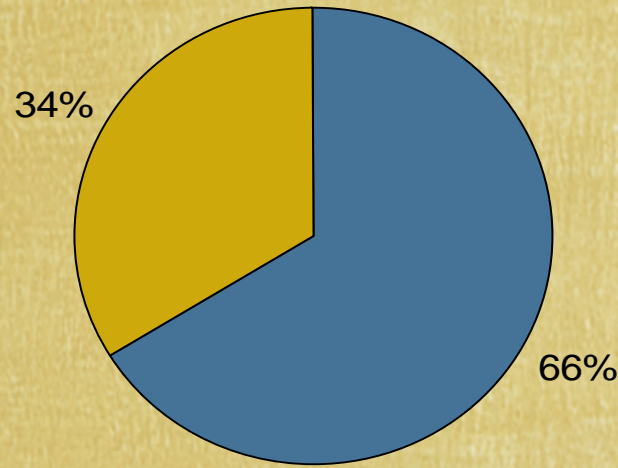
# Key Priorities, Objectives and Strategy

## Quantitative Disciplines To Be One Half of total Group

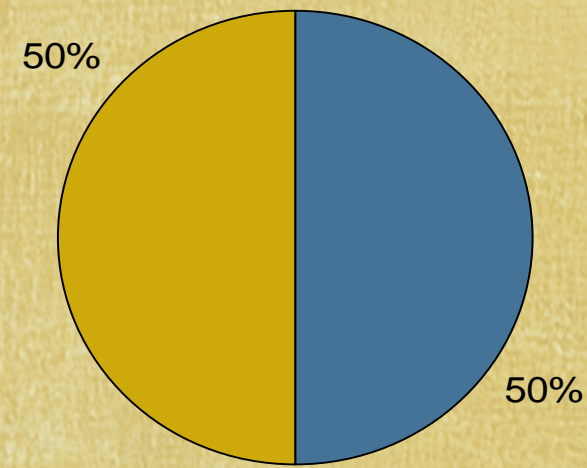
Today <sup>1</sup>



Today including associates <sup>1</sup>



Tomorrow



- Information, Insight & Consultancy and Direct, Internet & Interactive
- Advertising, Media Investment Management & Other Marketing Services



# Key Priorities, Objectives and Strategy

## WPP Position in Direct and Digital

First Half 2007 \$ millions	Digital/ Interactive	Wide <sup>1</sup> Definition	
Direct/Digital Networks (OgilvyOne, Wunderman, rmg:connect and G2)	284	997	+10% vs 2006
<i>% of Group revenues</i>	5%	18%	
Digital/Interactive resources:			
- Information, Insight & Consultancy (Millward Brown, RI and Lightspeed)	170	170	
- GroupM	113	113	
- Other	54	54	
	621	1,334	
<i>% of Group revenues</i>	11%	23%	

<sup>1</sup> Wide definition revenue includes total revenue from Direct/ Digital Networks from all sources



# Key Priorities, Objectives and Strategy

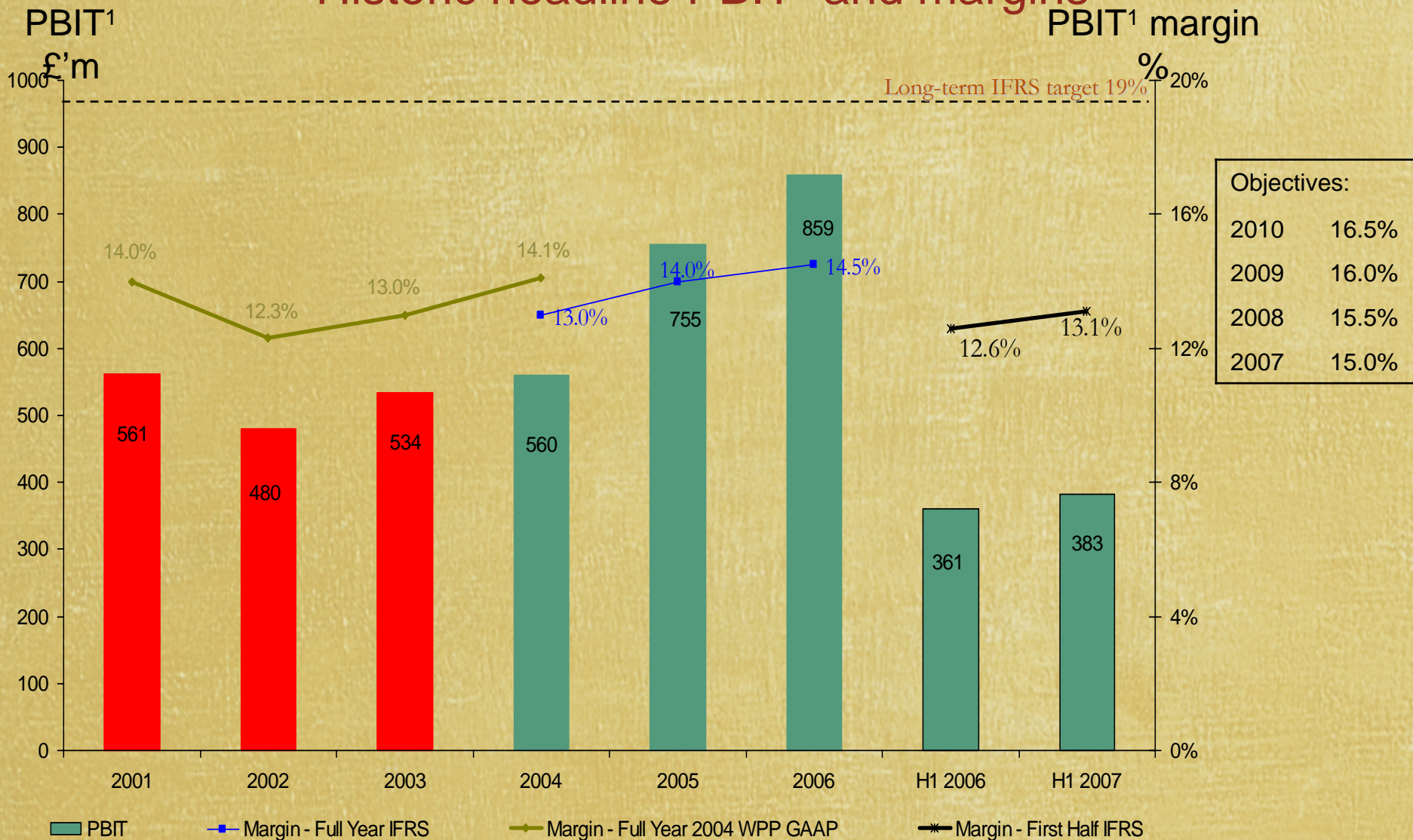
We continue to focus on our key objectives

- Improving operating margins
- Increasing flexibility in the cost base
- Using free cash flow to enhance share owner value, and improve return on capital employed
- Developing the role of the parent company
- Emphasising revenue growth more as margins improve
- Improving the creative capabilities and reputation of all our businesses



# Key Priorities, Objectives and Strategy

## Historic headline PBIT<sup>1</sup> and margins



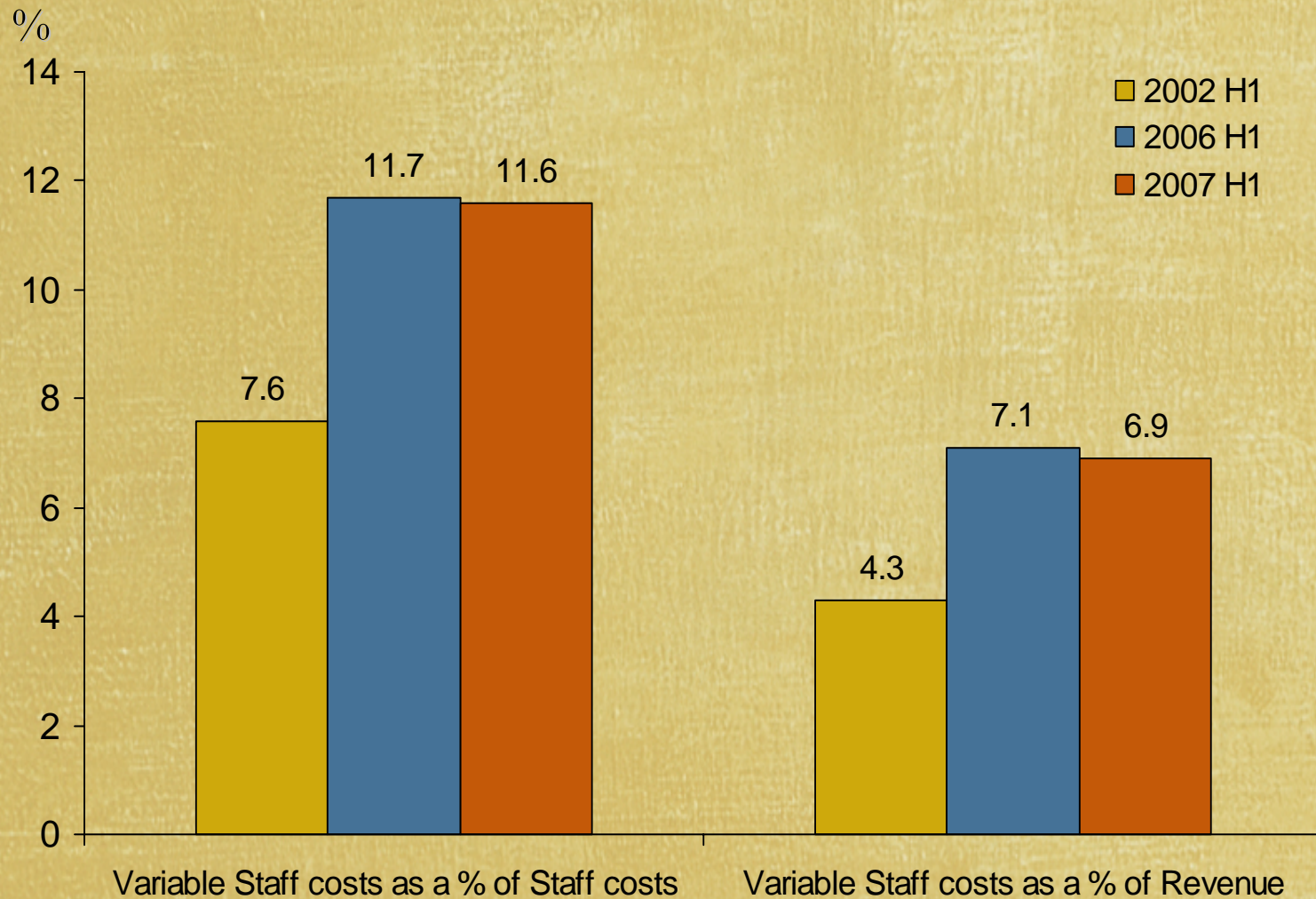
1. Headline PBIT excludes goodwill and intangibles charges, write offs of fixed asset investments and share of exceptional gains of associates. For 2004 onwards, Headline PBIT has been prepared under IFRS. 2003 and prior periods are in accordance with previous UK GAAP.



# Key Priorities, Objectives and Strategy

Increasing flexibility in the cost base

Change in variable costs





# Key Priorities, Objectives and Strategy

## Using Free Cash Flow to Enhance Share Owner Value

### Dividends and Share Repurchases

- 2007 interim dividend raised by 20% to 4.32p per share
- Distributions to share owners:

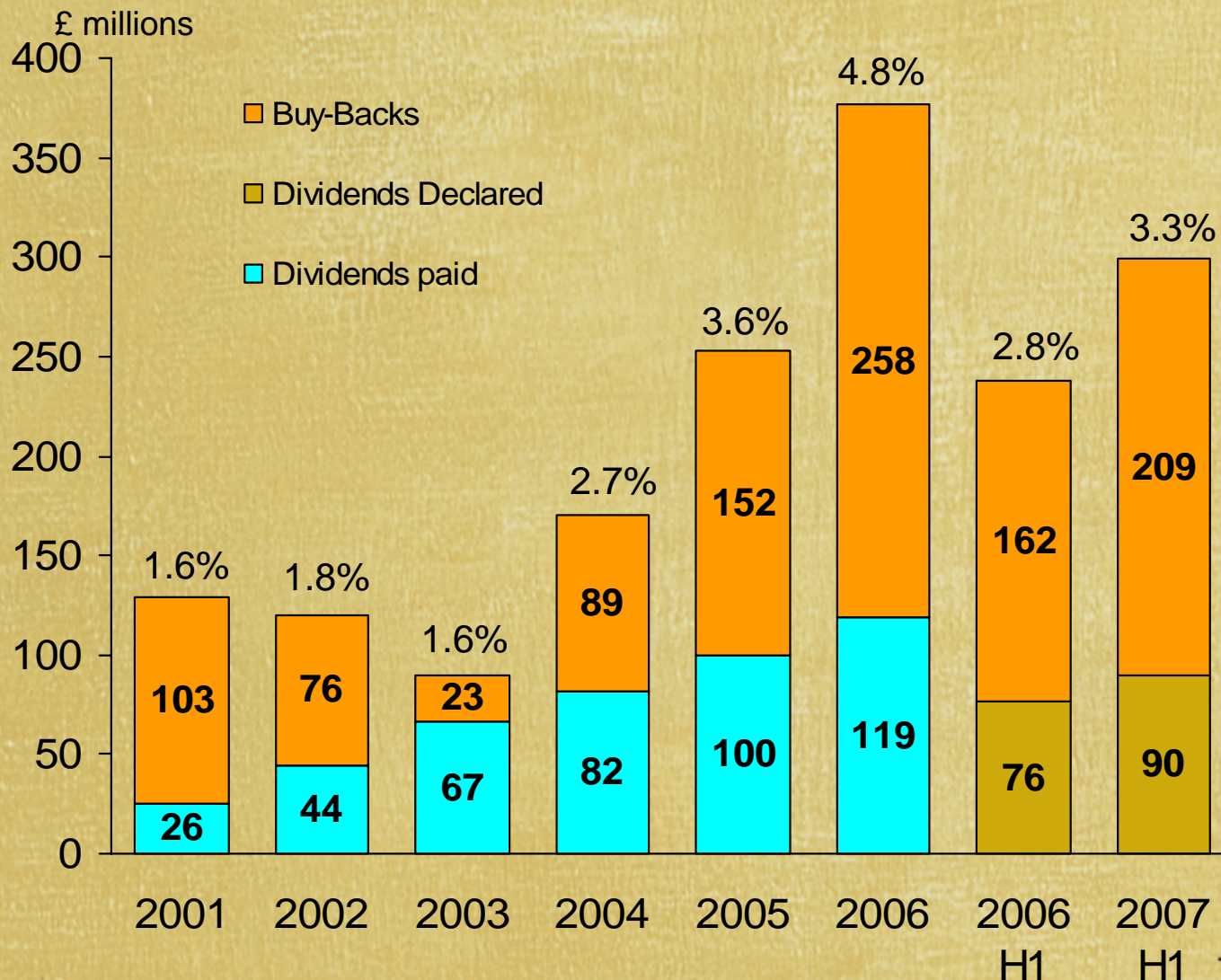
	<u>Dividends Paid</u>	<u>Share Repurchases</u>	
		<u>Amount</u>	<u>% of Share Base</u>
2000	£21.1m	£94.1m	1.3%
2001	£25.6m	£103.3m	1.4%
2002	£44.4m	£75.9m	1.1%
2003	£67.0m	£23.1m	0.5%
2004	£81.7m	£88.7m	1.4%
2005	£100.2m	£152.3m	2.1%
2006	£118.9m	£257.7m	3.1%
2007 H1	-	£209.2m	2.3%
Total 2000-2007 H1	£458.9m	£1,004.3m	



# Key Priorities, Objectives and Strategy

## Using Free Cashflow to Enhance Share Owner Value

### Distributions to Share owners<sup>1</sup>



<sup>1</sup> Sum of share buy-backs and dividends paid divided by average shares in issue for the relevant period, as a % of the average share price for the relevant period



# Key Priorities, Objectives and Strategy

## Using Free Cashflow to Enhance Share Owner Value

### Acquisitions

- Continued focus on small and mid-sized strategic acquisitions – 27 completed during 2007 to date
- Major focus continues to be on information, insight and consultancy and the faster growing sectors within branding & identity, healthcare and specialist communications and faster growing geographies
- Acquisitions in advertising used to address specific client or local agency needs
- Continue to find opportunities outside the USA



# First Half 2007

## Acquisitions<sup>1</sup> and Investments

**Faster Growing Markets**

**Quantitative and Digital**

etcO (Brazil)  
Interflow (Pakistan)  
DBA Live (Colombia)  
MindShare Russia  
Pharmax (S. Korea)

Aqua Online (S. Africa)  
Lee & Jang (S. Korea)  
Interactive TV (India)  
Star Echo (China)  
Blue Interactive (Singapore)

24/7 Real Media (USA)

All Global (UK)  
DataCore (USA)  
Foresight (USA)  
Global Strategies (USA)  
iconmobile (Germany)  
Quisma (Germany)  
Reddion (Netherlands)

Refinery (USA)

These Days (Belgium)  
TRU (USA)

*JumpTap (USA) <sup>2</sup>*

*Media Rights Capital Corp (USA) <sup>2</sup>*

*Video Egg (USA) <sup>2</sup>*

<sup>1</sup> Excludes equity step ups

<sup>2</sup> *Investments*

Underlined are acquisitions since 1 July 2007



# First Half 2007

## Acquisitions<sup>1</sup> and Investments

### **Advertising and Media Investment Management**

Badjar (Australia)

Clemmow Hornby Inge (UK)

Laundry (Finland)

MediaX (Austria)

TAPSA (Spain)

### **Healthcare**

WestawayGillis (UK)

<sup>1</sup> Excludes equity step ups

Underlined are acquisitions since 1 July 2007



# Key Priorities, Objectives and Strategy

## Improving the Creative Capabilities and Reputation of all our Businesses

- By placing greater emphasis on recruitment
- By recognizing creative success tangibly and intangibly
- By acquiring highly regarded creative businesses
- By placing greater emphasis on awards
- First and second in 2006 Gunn Report for media and creative respectively
- Second most successful Group at Cannes



# WPP

4

Conclusions



# Conclusions

- The Group continues to be well placed by region and discipline to benefit from key industry trends
- There is scope for further margin improvement, cost flexibility, and use of free cashflow to enhance share owner value
- In the long term the Group will be concentrating on positioning its top line in the highest growth functional and geographic sectors and improving the effectiveness of its cost structure
- Continued emphasis on free cashflow after acquisition payments and share repurchases and return on capital.



# WPP

## 2007 Interim Results London

August 2007