

WPP

Trading Statement for the First Quarter 2008

April 2008

First Quarter 2008 Summary

- Like-for-like growth was 4.8%, with acquisitions adding 4.2% to give constant currency growth of 9.0%.
- Currency movements increased revenue growth by 5.1%, resulting in reported revenues of 14.1%.
- Geographically, all regions, with the exception of the UK, showing growth of 5% or higher. Asia Pacific, Latin America, Africa and the Middle East, continues to be the fastest growing region – up over 15%. North America up almost 10%.
- Branding and identity, healthcare and specialist communications, fastest growing sector, up 18%, driven by strong growth in direct, internet and interactive, partly as a result of acquisitions.

First Quarter 2008 Summary – Revenue Growth

	%
Like-for-like	4.8
Acquisitions	4.2
Constant currency	9.0
Foreign exchange	5.1 ¹
Reported	14.1

¹ Average Q1 2008 exchange rate for US\$/ £ was \$1.978, (Q1 2007 \$1.955), €/£ was €1.321 (Q1 2007 €1.492) and Japanese Yen/£ was Y208.4 (Q1 2007 Y233.4).

First Quarter 2008

Revenue by Discipline

	2008 £m	2007 £m	% Change		
			Reported	Constant Currency	Like-for- like
Advertising, Media Investment Management	695.1	630.5	10.2	4.2	3.0
Information, Insight & Consultancy	227.1	204.1	11.3	6.6	4.2
Public Relations & Public Affairs	167.2	147.4	13.4	9.9	9.5
Branding & Identity, Healthcare and Specialist Communications	468.6	384.0	22.0	18.0	6.0
Total	1,558.0	1,366.0	14.1	9.0	4.8

First Quarter 2008

Advertising, Media Investment Management

- Constant currency revenue growth over 4%. Like-for-like growth 3%.
- This sector performed well with strong organic growth in Media Investment Management.
- On a like-for-like basis all regions, except Western Continental Europe showed above average growth.
- Acquisitions in the United States, the United Kingdom, the Netherlands, the Middle East, Chile, Guatemala and China completed during the quarter.

First Quarter 2008

Information, Insight and Consultancy

- Constant currency revenue growth up 6.6%, with like-for-like growth up 4.2%.
- Strong organic growth from Kantar Media Research, Research International, IMRB, Center Partners, Lightspeed and Mattson Jack.
- Above average growth in North America, Latin America, Asia Pacific, Africa and the Middle East.
- Acquisitions in the United States and India completed during the quarter.

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Public Relations & Public Affairs

- Continued strong growth with constant currency revenue up almost 10%. Like-for-like growth over 9%.
- Strong performances at Burson-Marsteller, Hill & Knowlton, Ogilvy PR, Finsbury and Clarion.
- Geographically, North America, Asia Pacific and the Middle East strongest regions.
- Acquisition in China completed in the quarter.

First Quarter 2008

Branding & Identity, Healthcare and Specialist Communications

- Constant currency revenue growth up 18%. Like-for-like growth up 6%.
- Strong organic growth in direct, internet and interactive at Wunderman, OgilvyOne, VML, Bridge, the Blue Group, Schematic and Quasar; in branding and identity at The Brand Union, VBAT, Lambie Nairn, Addison and the Partners; in healthcare at Ogilvy Healthworld; and in specialist communications at the Food Group, Spafax, The Farm and Headcount.
- Geographically, strong organic growth in all regions except the UK and Western Continental Europe.
- Acquisitions in the United States and India.

First Quarter 2008

Revenue by Region

	2008 £m	2007 £m	% Change		
			Reported	Constant Currency	Like-for- like
North America	580.9	531.6	9.3	9.8	5.1
UK	216.4	206.5	4.8	4.8 ¹	1.8 ²
Continental Europe	419.0	352.5	18.9	5.2	2.2
Asia Pacific, Latin America, Africa & Middle East	341.7	275.4	24.1	15.6	9.4
Total	1,558.0	1,366.0	14.1	9.0	4.8

¹ Constant currency gross margin for the UK up 5.7%

² Like-for-like gross margin for the UK up 3.5%

First Quarter 2008

Growth by Region

- Good growth in all regions.
- North America continues to grow with like-for-like revenues up over 5%.
- Eastern Continental Europe now the fastest growing area with like-for-like revenues up 21.7%, marginally ahead of the Middle East at 21.5%.
- Latin America continues the strong growth of 2007, with almost 15% like-for-like growth.
- Asia Pacific remains reasonably strong, up 6%, with stronger growth in South East Asia and weaker growth in Japan, Australia and New Zealand. Like-for-like growth in mainland China and India up over 19% in both markets.
- Some softening in Western Continental Europe in March, particularly in the major markets of Germany, France and Spain. The UK showed some improvement, with growth almost 2%, a small increase over the last half of 2007.

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Revenue Growth by Country

Revenue Growth ¹	Countries
20%+	Brazil, Canada, India, South Africa
15-20%	Mainland China ²
10-15%	Poland, Singapore, Spain, Sweden
5-10%	Belgium, Denmark, USA
<5%	Australia, France, Germany, Italy, Japan, Mexico, Netherlands, UK

¹ Constant currency

² Like-for-like growth

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Revenue Growth by Category

Revenue Growth ¹	Categories
15-20%	Telecommunications
10-15%	Automotive, Financial Services, Retail
5-10%	Drinks
<5%	Computers, Entertainment, Food, Oil, Personal Care & Drugs

¹Constant currency

First Quarter 2008

Impact of Currency

- Currency movements accounted for a 5.1% increase in revenue, principally reflecting £ sterling weakness against the euro.
- The average US dollar exchange rate for the first quarter of 2008 was \$1.978/£1 compared to \$1.955/£1 for the same period last year, or stronger by over 1%. The average euro exchange rate for the first quarter was €1.321/£1 compared to €1.492/£1 for the same period last year, or weaker by over 11%.

First Quarter 2008

Uses of Cashflow

- Average net debt in the first three months up £586 million to £1,669 million, compared to £1,083 million in 2007, at 2008 exchange rates.
- Net debt at 31 March 2008 up £742 million to £2,152 million, compared to £1,410 million last year, at constant exchange rates.
- Operating cash flow in the last 12 months was £874 million. In the same period, cash outflow on capital expenditure, acquisitions, share repurchases and dividends was £1,423 million.

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Uses of Cashflow

- Consistent with the objective announced in 2006, of increasing the share buy-back programme to 4-5% of the Group's share capital in 2007 and 2008, 15.6m shares, or 1.3% of the share capital, have been purchased in the first three months, at an average price of £5.96 per share and a total cost of £93.1m. All of these shares were cancelled. We are currently running at an annual rate of slightly over 5%.

First Quarter 2008

Trade Estimates of Major New Business Wins & Losses

	Agency	Account	Office	Billings (\$m)
WINS	Ogilvy	Motorola	EMEA	200
	MindShare	Nippon Paint	Asia	96
	MindShare	American Family Insurance	USA	90
	MediaCom	Citizens Bank	USA	30
	MediaCom	LVG	UK	30
LOSSES	mec	Cadbury Schweppes	USA	140
	MindShare	Kraft	Asia	60
	Y&R	Miller Brewing	USA	50
	Ogilvy	LG	Asia	40
	mec	Nationwide	UK	40
	Y&R	Fosters	Asia	35

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Internal Estimates of Net New Business Wins

Billings (\$m)	Creative	Media	Total
Advertising	438	340	778
Other Businesses	322	-	322
Total	760	340	1,100

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Trade Estimates of Major New Business Wins & Losses Since 1 April

	<u>Agency</u>	<u>Account</u>	<u>Office</u>	<u>Billings (\$m)</u>
WINS	MediaCom	Time Warner	USA	250
	Grey/MindShare	Hong Kong Tourist Board	Asia	84
	JWT	Diageo	Worldwide	80
	mec	HomeForm	UK	36
LOSSES	JWT	Unilever	Worldwide	60

First Quarter 2008 Acquisitions¹ and Investments

**Faster Growing
Markets**

**Quantitative and
Digital**

Encompass (India)
Rikes (Hong Kong)
Team Y&R (M. East)

AGENDA(Asia)
HDT^{2 3} (China)
RAMS (India)³
NuConomy (Israel)
Zdology (China)

HeathWallace (UK)
immi² (USA)
Lluminari (USA)
Tagora (Belgium)
Yankelovich (USA)
Realtime Worlds^{2 3} (USA)

¹ Excludes equity step ups

² *Investment*

³ April 2008 acquisitions

First Quarter 2008 Acquisitions¹

Advertising and Media Investment Management

LaComunidad (Netherlands)

Public Relations and Public Affairs

AxiCom (UK)²

¹ Excludes equity step ups

² April 2008 acquisitions

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