

WPP

Trading Statement for the Third Quarter 2009

October 2009



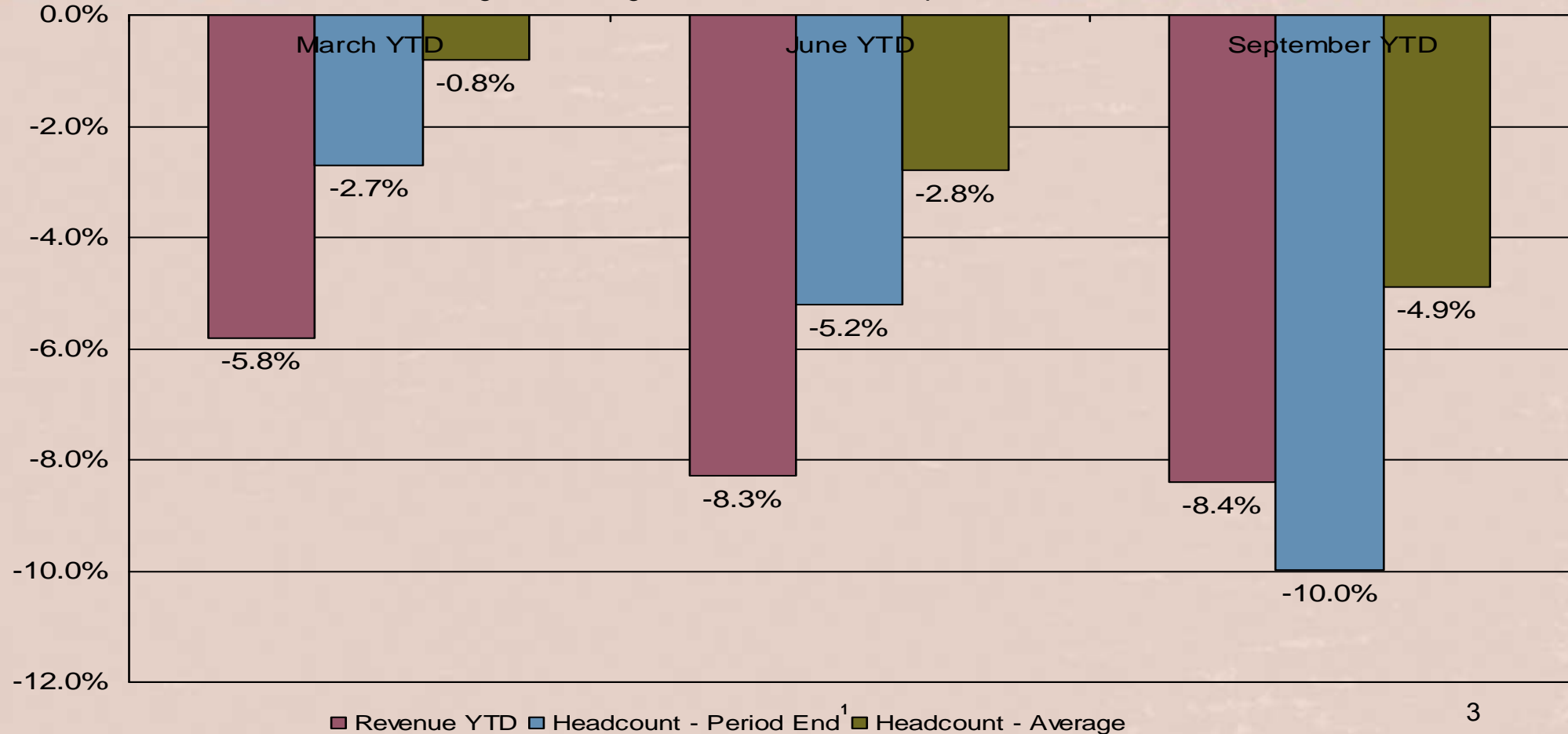
Third Quarter 2009 Summary

- ✿ Reported revenue up 16.7%, driven primarily by the acquisition of TNS and the foreign exchange benefit of 10%.
- ✿ Like-for-like revenue down 8.7%, but a reduced decline versus second quarter like-for-like of -10.5%.
- ✿ Geographically, on a like-for-like basis, North America was materially “less worse” at -6.3%, best quarter in 2009.
- ✿ Latin America and Africa still showing growth after 9 months.
- ✿ Headcount reduced by 10% versus 31 December 2008 on a like-for-like basis, average headcount down by 4.9% year to date.
- ✿ Net Debt at 30 September, adjusting for TNS, improved versus year ago.

Third Quarter 2009

Revenue and Headcount now more balanced

Cumulative Organic Change – March, June & September 2009



■ Revenue YTD ■ Headcount - Period End¹ ■ Headcount - Average

¹Headcount period end is end of quarter versus 31 December 2008

Third Quarter 2009 Summary – Revenue Growth

% change	Third Quarter	YTD
Like-for-like	-8.7	-8.4
Acquisitions	15.4	16.4
Constant currency	6.7	8.0
Foreign exchange	10.0 ¹	16.5
Reportable sterling	16.7	24.5
Reportable US dollars²	1.5	-1.5

¹ Average Q3 2009 exchange rate for US\$/ £ was \$1.641 (Q3 2008 \$1.891), €/£ was €1.148 (Q3 2008 €1.259) and Japanese Yen/£ was Y153.6 (Q3 2008 Y203.6).

² Translated into US\$ at average actual exchange rates for each of the periods.

Third Quarter 2009

Revenue by Sector: Third Quarter

	2009 £m	2008 £m	% Change		
			Reported	Constant Currency	Like-for- like
Advertising, Media Investment Management	765.6	785.3	-2.5	-10.3	-9.8
Consumer Insight	529.5	246.7	114.6	96.9	-10.0 ¹
Public Relations & Public Affairs	189.0	184.2	2.6	-7.7	-8.5
Branding & Identity, Healthcare and Specialist Communications	523.1	503.1	4.0	-5.2	-5.9
Total	2,007.2	1,719.3	16.7	6.7	-8.7²

¹ Gross margin -7.4%

² Gross margin -8.3%

Third Quarter 2009

Revenue by Sector: Year to Date

	2009	2008	% Change		
	£m	£m	Reported	Constant Currency	Like-for-like
Advertising, Media Investment Management	2,409.8	2,306.6	4.5	-8.5	-8.5
Consumer Insight	1,653.4	733.2	125.5	97.2	-10.2 ¹
Public Relations & Public Affairs	592.5	540.3	9.7	-7.2	-8.3
Branding & Identity, Healthcare and Specialist Communications	1,640.2	1,478.4	10.9	-4.7	-6.6
Total	6,295.9	5,058.5	24.5	8.0	-8.4²

¹ Gross margin -7.8%

² Gross Margin -8.0%

Third Quarter 2009

Organic Revenue Growth Trends by Sector

2008-2009 Quarter by Quarter



Third Quarter 2009

Advertising, Media Investment Management

- * Constant currency revenue down 10.3%. Like-for-like revenue down 9.8%.
- * Some improvement in advertising in the third quarter. Improvement in North America and Continental Europe, with softening in the UK, Latin America, Asia Pacific and the Middle East and Africa.
- * Continued pressure on media investment management, but relative improvement in North America, Latin America and Africa with softening in UK, Continental Europe, Asia Pacific and the Middle East.

Third Quarter 2009

Consumer Insight

- * Constant currency revenue growth up almost 97% reflecting the impact of TNS, with like-for-like revenue down 10.0%.
- * Gross margin down less at -7.4%.
- * Overall marked improvement in the third quarter compared with the second quarter. Geographically, improvement in North America, Continental Europe and Asia Pacific.
- * Acquisition in Singapore completed during the quarter.

Third Quarter 2009

Public Relations & Public Affairs

- * Constant currency revenue down 7.7%, with like-for-like revenue down 8.5%.
- * Geographically, all regions except Asia Pacific and Latin America showed relative improvement compared with the second quarter.

Third Quarter 2009

Branding & Identity, Healthcare and Specialist Communications

- * Constant currency revenue down 5.2%, like-for-like revenue down 5.9%.
- * On a like-for-like basis, improvement in direct, internet and interactive and specialist communications with healthcare continuing improvement seen in the second quarter as a result of new business consolidations.
- * Geographically, strong like-for-like growth in direct, internet and interactive in Latin America and Africa.
- * Acquisitions in the United Kingdom and Vietnam completed during the quarter.

Third Quarter 2009

Direct, Internet and Interactive

- ✿ At 30 September, 2009 direct, internet and digital revenues were \$2.6bn or 26% of total revenues.
- ✿ The number of people in the Group working in this sector is estimated at over 23,000 - with 11,855 interactive staff according to RECMA, ranking No1 in their analysis¹
- ✿ WPP is well placed according to a leading Independent Research Firm 'interactive ranking' with three of the seven agencies ranked as "Leaders"
 - three WPP agencies were OgilvyInteractive, VML and Wunderman
 - other agency leaders were Organic, Razorfish, RGA, and Sapient

¹ RECMA Report dated 19 October, 2009

Third Quarter 2009

Revenue by Region: Third Quarter

	2009	2008	% Change		
	£m	£m	Reported	Constant Currency	Like-for-like
North America	704.5	596.9	18.0	3.0	-6.3
UK	244.3	224.0	9.1	9.1	-9.0
Western Continental Europe	506.4	405.7	24.8	14.6	-12.5
Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe	552.0	492.7	12.0	4.4	-8.3
Total	2,007.2	1,719.3	16.7	6.7	-8.7¹

¹ Gross Margin -8.3%

Third Quarter 2009

Revenue by Region: Year to Date

	2009	2008	% Change		
	£m	£m	Reported	Constant Currency	Like-for-like
North America	2,246.7	1,786.7	25.7	0.2	-8.9
UK	753.6	674.2	11.8	11.8	-6.6
Western Continental Europe	1,637.7	1,238.1	32.3	18.0	-11.2
Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe	1,657.9	1,359.5	21.9	9.0	-6.0
Total	6,295.9	5,058.5	24.5	8.0	-8.4¹

¹ Gross Margin -8.0%

Third Quarter 2009

Organic Revenue Growth Trends by Region

2008-2009 Quarter by Quarter



Third Quarter 2009

Growth by Region

- ✿ Marked improvement in North America, like-for-like revenues down 6.3%.
- ✿ Relative improvement in Western Continental Europe and Asia Pacific.
- ✿ Slight softening in the United Kingdom, the Middle East and Africa and Latin America.
- ✿ Latin America and Africa still showing revenue growth in the first nine months.

Third Quarter 2009

Growth by Country

Revenue Growth¹

Above 0%

Countries

Argentina, Brazil, Poland, South Africa

0% to -5%

Belgium, India, Mexico, Russia

> -5%

Canada, Denmark, France, Greater China, Singapore, UK, US

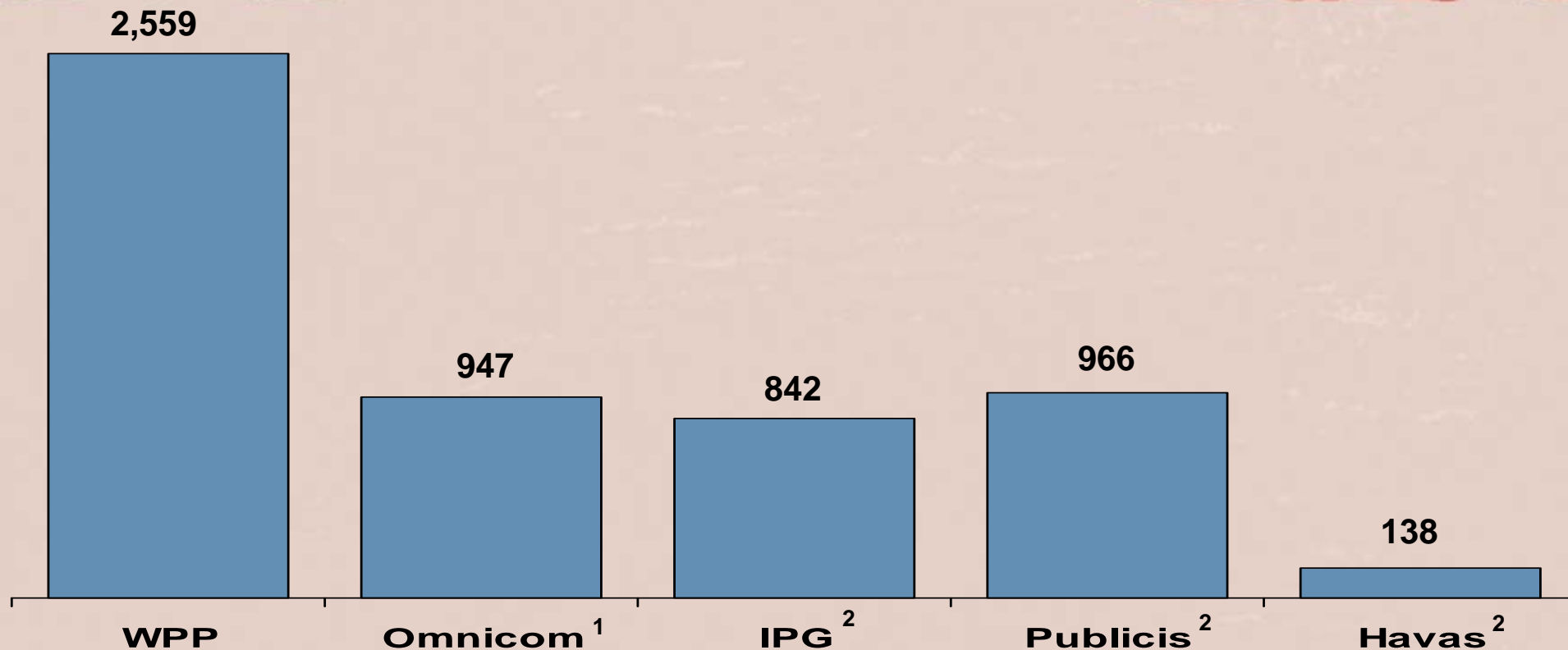
> -10%

Australia, Dubai, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden

¹ YTD Like-for-like

Third Quarter 2009

Revenues in Faster Growing Markets (\$m)



¹ Based on 2008 Full Year split applied to 2009 YTD Revenue, Assumes “non Euro currency” Europe, ie Switzerland, Turkey, Norway, Denmark, Sweden and Eastern Europe are ca 3% of revenue and Canada is 1.5% of revenue

² Based on Q3 YTD company report and \$/€ exchange rate of 1.367 where reporting in €

Third Quarter 2009

Growth by Category

Revenue Growth¹

Categories

5% - 10%

Electronics

0% - 5%

Computers, Entertainment

0% to -5%

Drinks, Government, Personal Care & Drugs

> -5%

Food, Oil, Telecommunications, Travel & Airline

> -10%

Automotive, Financial Services, Retail

¹ YTD Like-for-like

Third Quarter 2009

Effects of Sterling Weakness

✿ Currency movements accounted for a 10.0% increase in revenue, largely reflecting the weakness of the £ sterling against the US dollar, the euro and the Japanese yen.

✿ The average rates for the quarter versus sterling rates were as follows:

	Q3 2009	Q3 2008	Sterling weaker
US\$	1.641	1.891	13%
€	1.148	1.259	9%
¥	153.6	203.6	25%

Third Quarter 2009

Trade Estimates of Major New Business Wins – Year to Date

Agency	Account	Office	Billings (\$m)
mec	Activision Blizzard	USA	225
<u>mec</u>	<u>Mercedes Benz</u>	<u>Germany</u>	<u>200</u>
Wunderman	Microsoft	Worldwide	200
Grey	NFL	USA	160
Mindshare	Zurich	Worldwide	150
Wunderman	Nokia	Worldwide	Not disclosed
mec	Sony	Latam	150
<u>mec</u>	<u>Lloyds</u>	<u>UK</u>	<u>130</u>
<u>JWT</u>	<u>Microsoft</u>	<u>Worldwide</u>	<u>100</u>
JWT/ Mindshare	Egyptian Tourist Authority	EMEA	100
<u>Grey</u>	<u>ANGA</u>	<u>USA</u>	<u>80</u>

Underlined figures are Q3 wins

Third Quarter 2009

Trade Estimates of Major New Business Wins – Year to Date

Agency	Account	Office	Billings (\$m)
Mindshare	Intercontinental Hotels Group	USA	80
TNS	European Commission	Europe	80
Team Vodafone	Vodafone Global Strategy	Worldwide	50
MAXUS	Yili Dairy	China	50
MediaCom	LVMH	UK	47
Y&R	Hotels.com	USA	40
Grey	TJ Maxx	USA	35
<u>MediaCom</u>	<u>Merlin Media</u>	<u>Europe</u>	<u>30</u>
<u>Y&R</u>	<u>Mattel</u>	<u>USA</u>	<u>30</u>
Ogilvy	United Healthcare	USA	30
JWT	China Telecom	China	30
MAXUS	Jetstar	Asia	30

Underlined figures are Q3 wins

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Trade Estimates of Major New Business Losses – Year to Date

Agency	Account	Office	Billings (\$m)
Mindshare	Bristol-Myers Squibb	Worldwide	420
MediaCom	Nokia	Worldwide	260
Mindshare	Wrigley	USA	250
MediaCom	LVMH	USA	180
<u>mec</u>	<u>Monster.com</u>	<u>Worldwide</u>	<u>150</u>
Ogilvy	Kraft	USA	80
mec	Canon	EMEA	75
MAXUS	Red Bull	Asia	71
<u>JWT</u>	<u>B&Q</u>	<u>UK</u>	<u>60</u>

Underlined figures are Q3 wins

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Trade Estimates of Major New Business Losses – Year to Date

Agency	Account	Office	Billings (\$m)
<u>MediaCom</u>	<u>China Unicom</u>	<u>China</u>	<u>51</u>
<u>mec</u>	<u>Virgin Atlantic</u>	<u>Worldwide</u>	<u>40</u>
mec	Long John Silvers	USA	35
United	Silk Soya Milk	USA	30
JWT	Vodafone	Germany	30

Underlined figures are Q3 wins

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Internal Estimates of Net New Business Wins – Year to Date

Billings (\$m)	Creative	Media	Total
Advertising	873	1,507	2,380
Other Businesses	624	-	624
Total	1,497	1,507	3,004

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

	Agency	Account	Office	Billings (\$m)
WINS	Ogilvy	UPS	Worldwide Creative	200
	MAXUS	UPS	Worldwide Media	200
	mec/ MediaCom	Global Food & Drinks	Czech, Mexico & Russia	165
	OgilvyOne	LVMH	Worldwide	100
LOSSES	Ogilvy	Kraft	USA	40
	Mindshare	THQ Gaming	USA	30

Third Quarter 2009

Uses of Cashflow

- ✿ Average net debt in the first nine months up £1.202 billion to £3.482 billion, compared to £2.280 billion in 2008, at 2009 exchange rates.
- ✿ Net debt at 30 September 2009 up £1.163 billion to £3.413 billion, compared to £2.250 billion last year, at 2009 exchange rates.
- ✿ Free cash flow in the last 12 months of £550 million. In the same period, cash outflow on acquisitions (excluding TNS), share repurchases and dividends was just over £400 million.

Third Quarter 2009

Acquisitions¹ and Investments – Year to Date

Faster Growing Markets

H&K Feedback (Poland)
Jupiter Drawing Room (S. Africa)
MDS (China)
Smart Media (Vietnam)
Smollan Group (S. Africa)
T&A (Vietnam)

Quantitative and Digital

Danone CRM (France)
H-art (Italy)
Index Ventures² (UK)
Omniture² (USA)
Red Dot Square (UK, USA)
Video Egg Series E² (USA)
HOGARTH (UK)

Healthcare

Lob Conseils (France)

¹ Excludes equity step ups

² Investment

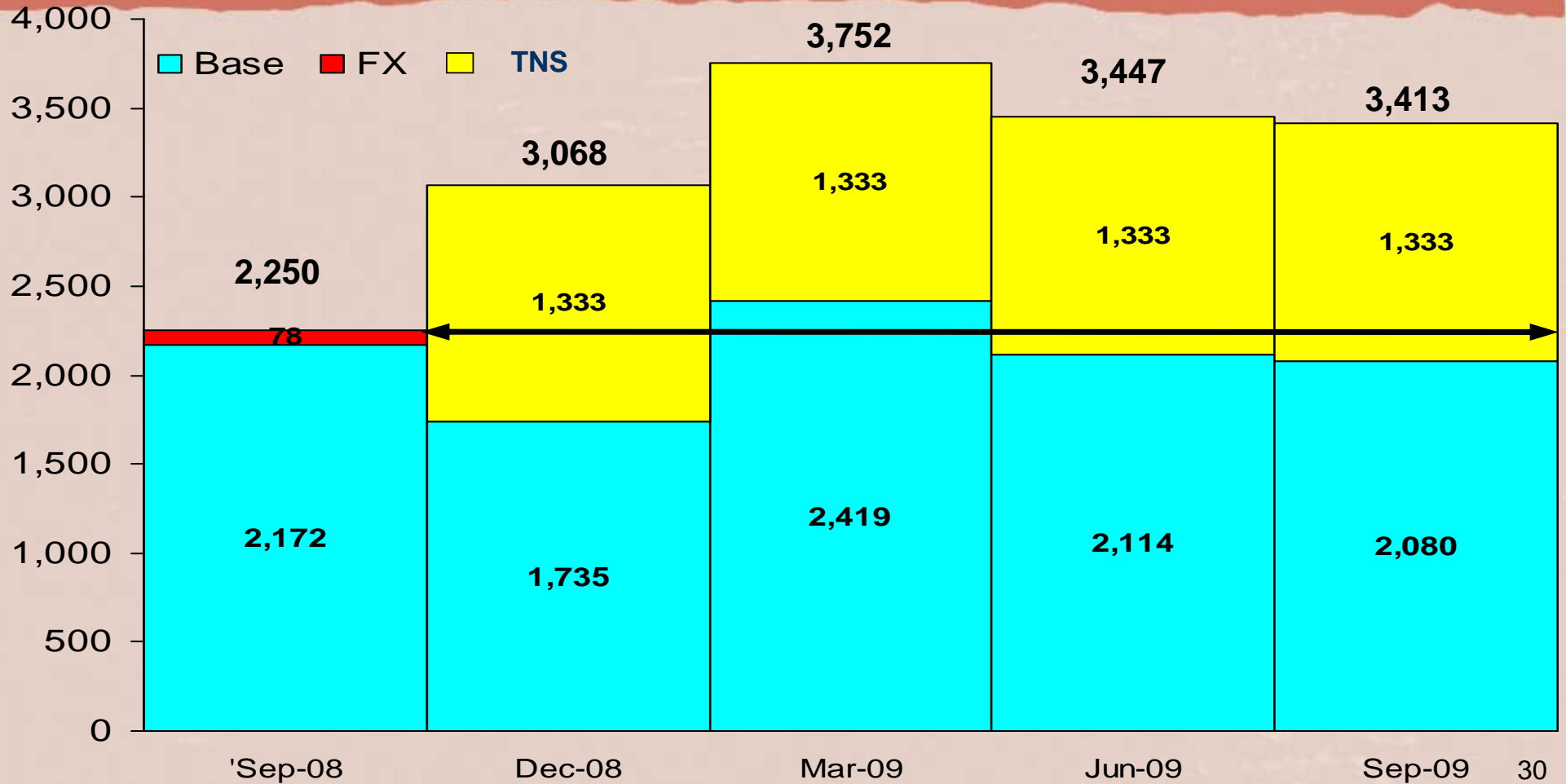
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Use of Free Cash Flow

<u>Category</u>	<u>Target</u>	<u>September YTD</u>
New acquisitions	Up to £100m	£80m
Share buy back	Up to 1%	0.2% or £10m
Dividends	Growth up to 15%	Flat

Third Quarter 2009 Debt Movement

£ millions



Third Quarter 2009

Debt Maturity Profile £m

As at 30 September 2009

			Maturity									
	Total Credit	Total Drawn	2009	2010	2011	2012	2013	2014	2015	2016	2017	2020
£ bonds £200m (6.375% '20)	200	200										200
£ bonds £400m (6% '17)	400	400									400	
Eurobonds €750m (6.625% '16)	686	686								686		
Eurobonds €500m (5.25% '15)	457	457							457			
£ convertible £450m (5.75% '14)	450	450						450				
US bond \$650m (5.875% '14)	406	406						406				
US bond \$600m (8% '14)	375	375						375				
Eurobonds €600m (4.375% '13)	549	549					549					
Bank revolver ¹ \$1,600m	999	753				753						
TNS notes retained ¹ \$55m	34	34				18		16				
TNS acquisition revolver ^{1,2} £400m	400	88			88							
Debt facilities	4,956	4,398	-	-	88	771	549	1,247	457	686	400	200
Net cash & overdrafts		(985)										
Net debt		3,413										

¹ These instruments are subject to financial covenants ² Amortising facility – maximum available £400m

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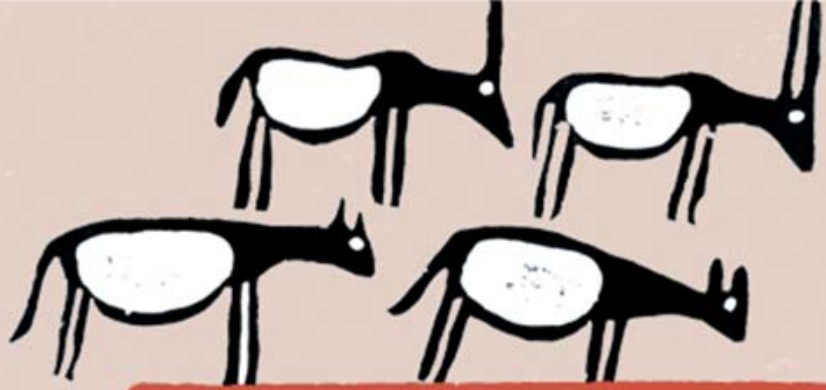
Conclusions - Outlook

- ✿ Revenue trends to end September indicate sequential reduction in the rate of decline in Q3.
- ✿ Revenue decline in H1 and consequent severance depressed margin but revenues and headcount now coming into line.
- ✿ Third quarter margin almost in line with same period in prior year.
- ✿ Goal remains maintenance of prior year's second half margin (adjusting for TNS).

Third Quarter 2009

Conclusions

- ✦ New markets, new media and consumer insights, remain Group's three areas of strategic focus, will become even more important as conditions improve.
- ✦ Group continues to be well placed to benefit from key industry trends.
- ✦ TNS acquisition represents a major competitive advantage for our consumer insight business and the Group, as well as a source of future margin improvement.
- ✦ Group will continue to manage cashflow to return average net debt/EBITDA ratio to below 2x in the medium term with the goal of maintaining its investment grade rating.



WPP

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October 2009

