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WPP

2003 INTERIM RESULTS

Reported revenue down over 2% to $3.08 billion (£1.91 billion)

Constant currency revenue up almost 2%

Like-for-like revenue flat

Profit before tax, goodwill and impairment and FRS 17 interest down almost 5% to $327.0 million (£202.9 million)

Diluted headline earnings per share down almost 5% at 20.6c (12.8p)

Interim ordinary dividend up 20% to 3.35c (2.08p) per share

- Revenue down over 2% to $3.08 billion (£1.91 billion) and up almost 2% in constant currencies
- Like-for-like revenue flat
- Profit before interest, tax, goodwill and impairment down almost 8% to $377.3 million (£234.1 million) and down over 5% in constant currencies
- Operating margin pre-goodwill and impairment of 12.3%
- Profit before tax, goodwill and impairment and FRS 17 interest down almost 5% to $327.0 million (£202.9 million) and down over 2% in constant currencies
- Diluted headline earnings per share down almost 5% to 20.6c (12.8p) from 21.6c (13.4p) and down almost 2% in constant currencies
- Interim ordinary dividend up 20% to 3.35c (2.08p) per share
- Estimated net new business billings of almost $2.135 billion (£1.335 billion). Ranked number one advertising and marketing services group for the first six months of 2003

In this press release not all the figures and ratios used are readily available from the unaudited interim results included in Appendix I. Where required, details of how these have been arrived at are shown in Appendix IV.

Summary of Results

The Board of WPP announces its unaudited interim results for the six months ended 30 June 2003, reflecting further economic stabilisation and the start of limited growth, notably in the United States.

Turnover was down 1.6% at $13.93 billion (£8.64 billion).

Reportable revenue was down 2.5% at $3.08 billion (£1.91 billion). On a constant currency basis revenue was up 1.8% compared with last year, mainly due to the weakness of the United States dollar, partly offset by the strength of the euro against sterling. Excluding all acquisitions, including all discontinued operations, although there were none, and all client gains and losses, constant currency revenues were flat.

Profit before interest, tax, goodwill and impairment was down 7.8% to $377.3 million (£234.1 million) from $409.2 million (£253.9 million) and down 5.2% in constant currencies.

Pre-goodwill and impairment, reported operating margins fell to 12.3% from 13.0%. On the same basis, before short-term and long-term incentives, operating margins fell slightly to 14.3% from 14.4%. Short and long-term incentives amounted to $63 million (£39 million) or 14.3% of operating profits before bonus and taxes.

The Group's staff cost to revenue ratio, excluding incentives, was almost flat, rising 0.1 margin points to 55.7% in the first half of 2003, compared with the same period last year. On a like-for-like basis the average number of people in the Group was 49,359 in the first half of the year, compared to 52,083 in 2002, a decrease of over 5%. On the same basis, the total number of people in the Group at 30 June 2003 was 49,350 compared to 51,651 in June 2002, a decrease of 4.5%.

Profit before tax, goodwill and impairment and FRS 17 interest was down 4.7% to $327.0 million (£202.9 million) from $343.2 million (£212.9 million).

Net interest payable and similar charges (including a notional charge of $9.3 million (£5.8 million) for FRS17) decreased to $59.6 million (£37.0 million) from $70.1 million (£43.5 million), reflecting lower interest rates partly offset by the impact of share re-purchases and acquisition payments.

Reported profit before tax, reflecting increased goodwill and impairment charges, fell by 11.6% to $247.6 million (£153.6 million) from $280.0 million (£173.7 million). In constant currency pre-tax profits fell by 9.2%.

The tax rate on profit on ordinary activities, before goodwill and impairment and FRS 17 interest was 25%, the same as last year.

Profits attributable to ordinary share owners fell by 16.7% to $153.4 million (£95.2 million) from $184.2 million (£114.3 million), also due to increased goodwill and impairment charges.

Diluted earnings per share before goodwill and impairment and FRS 17 interest, or headline earnings per share, fell by almost 5% to 20.6c (12.8p) from 21.6c (13.4p). In constant currency, earnings per share on the same basis fell by almost 2%.

The Board declares an increase of 20% in the interim ordinary dividend to 3.35c (2.08p) per share. The record date for this interim dividend is 17 October 2003, payable on 17 November 2003.

Further details of WPP's financial performance are provided in Appendix I (in sterling) and for illustrative purposes only in euros in Appendix II. Appendix III contains details of the impact of adopting transitional guidelines on the expensing of options under FAS 148.

Review of Operations

Revenue by Region

The pattern of revenue growth differed regionally. The table below gives details of the proportion of revenue and revenue growth (on a constant currency basis) by region for the first six months of 2003:

Region	**Revenue as a % of total Group**	**Revenue growth% 03/02**
North America	43.7	2.2
United Kingdom	16.3	-1.8
Continental Europe	25.0	2.7
Asia Pacific, Latin America, Africa & Middle East	15.0	3.1
TOTAL GROUP	100	1.8

As can be seen, the North American markets have not only stabilised but started to show muted growth again. This shift started in October 2002 and July 2003 marks ten months of continuous growth, albeit limited.

The United Kingdom continues to be most affected by the recession, with our businesses in Continental Europe, particularly France, Germany, Italy and Spain less affected than the competition. Asia Pacific, Africa and the Middle East, continues to improve despite the effect of SARS and Latin America improved primarily due to last year's weak comparables, particularly in Brazil and Argentina.

Estimated net new business billings of almost $2.135 billion (£1.335 billion) were won in the first half of the year. The Group was ranked first for net new business gains in the Lehman Brothers and William Blair & Company surveys for the first six months of 2003.

Revenue by Communications Services Sector and Brand

The pattern of revenue growth varied by communications services sector and company brand. The table below gives details of the proportion of revenue and revenue growth by communications services sector (on a constant currency basis) for the first six months of 2003:

Communications Services	Revenue as a % of total Group	Revenue growth% 03/02
Advertising, Media Investment Management	46.2	3.7
Information, Insight & Consultancy*	17.5	3.6
Public Relations & Public Affairs	11.3	-2.9
Branding & Identity, Healthcare & Specialist Communications*	25.0	-0.6
TOTAL GROUP	100	1.8

* In 2003, certain of the Group's specialist communications companies in strategic marketing, consulting and consultancy were transferred into the re-named information, insight and consultancy.

Media investment management like-for-like revenue comparisons started to improve in October 2002, and then significantly from April 2003, primarily driven by the strong United States upfront media buying season.

Advertising has followed this trend but less strongly. Information, insight and consultancy has continued to be relatively less affected by the recession and branding and identity, healthcare and specialist communications has started to pick up slightly, although healthcare, direct, interactive and internet activities have been more resilient throughout the recession. Public relations and public affairs, continue to be more affected by the recession, although less so than recently and two of our brands have seen a significant recent pick-up in new business activity.

Advertising and Media Investment Management

On a constant currency basis, combined revenue at Ogilvy & Mather (including OgilvyOne), J Walter Thompson Company, Y&R, Red Cell, MindShare and mediaedge:cia grew by 3%, with operating margins flat.

These businesses generated estimated net new business billings of $1.7 billion (£1,063 million).

Information, Insight and Consultancy

The Group's information, insight and consultancy businesses continued their growth, despite global economic conditions, with revenues increasing by well over 3%, but operating margins were down reflecting the continued impact of the recession primarily on our call centre operations.

Public Relations and Public Affairs

In constant currencies, the Group's public relations and public affairs revenues fell by less than 3%. The continuing recession has affected this sector the most, although the recovery in the United States has to some extent mitigated the downturn in the United Kingdom and some Continental European markets. Markets in Asia Pacific were also negatively impacted by the outbreak of SARS. Operating margins, however, improved by over one margin point in the first half.

Branding and Identity, Healthcare and Specialist Communications

The Group's branding and identity, healthcare and specialist communications revenues were down very slightly over last year, with operating margins almost flat. Particularly good performances were registered by several companies in this sector in the first half, including, in promotion and direct marketing by EWA, Mando Marketing, Maxx Marketing, OgilvyOne, The Grass Roots Group, VML and Wunderman; in branding and identity by MJM Creative and The Brand Union; and in specialist marketing services by Forward, JWT Specialised Communications, The Bravo Group and The Geppetto Group.

Cashflow and Balance Sheet

A summary of the Group's unaudited cashflow statement and balance sheet and notes as at 30 June 2003 are provided in Appendices I and II.

In the first half of 2003, operating profit was $282 million (£175 million), depreciation, amortisation and impairment $155 million (£96 million), interest paid $77 million (£48 million), tax paid $69 million (£43 million), capital expenditure of $53 million (£33 million) and other net cash inflows of $27 million (£17 million). Free cashflow available for debt repayment, acquisitions and share re-purchases was, therefore, $265 million (£164 million). This free cashflow was absorbed by $237 million (£147 million) in net cash acquisition payments and investments, (of which $153 million (£95 million) was for initial acquisition payments, $73 million (£45 million) was for earnout payments and the balance related to prior year loan note redemptions), and $37 million (£23 million) in share re-purchases, a total outflow of $274 million (£170 million). This almost balanced free cashflow in line with our recently introduced objectives. In addition, by the half year end, the Group had acquired $293 million (£177 million) of bank debt from certain Cordiant Communications Group plc ("Cordiant") lenders and raised $165 million (£100 million) by means of a share placing at $7.83 cents (£4.86 pence) per share.

Net debt averaged $2,115 million (£1,312 million) for the six months ended 30 June 2003, versus $2,139 million (£1,327 million) for the comparable period ended 30 June 2002. On 30 June 2003 net bank borrowings were $1,906 million (£1,153 million), against $1,917 million (£1,160 million) on 30 June 2002.

The Board continues to examine ways of deploying the Group's substantial cashflow of approximately $645 million (£400 million) per annum to enhance share owner value given that interest cover remains strong at over six times in the first half of 2003 in comparison to over five times in the comparable period last year. As necessary capital expenditure approximates to the depreciation charge, the Company has continued to concentrate on examining possible acquisitions or returning excess capital to share owners in the form of dividends or share buy-backs.

In the first half of 2003, acquisitions have been completed in advertising and media investment management in the United States, the United Kingdom, Italy, Switzerland, South Korea, New Zealand and Ecuador; in information, insight and consultancy in the United States, the United Kingdom, Portugal and Spain; in public relations and public affairs in Sweden; and in healthcare in the United States.

The saga surrounding the acquisition of Cordiant was concluded on 1 August by means of a Scheme of Arrangement. Since then integration has proceeded according to plan, with the combination of clients and businesses and discussions continuing with clients and people, where necessary. As previously announced, on 20 August Publicis Groupe SA paid $120 million (£75m) for the purchase of Cordiant's 25% equity ownership in ZenithOptimedia. Cordiant currently continues to own Zenith franchises in nine markets and has trading relationships in a further fourteen markets. This brings Cordiant's disposals to a total of $264 million (£160 million) over the last two months, in comparison to a pre-disposal net debt level of $388 million (£235 million).

In addition to increasing the interim dividend by 20% to 3.35c (2.08p) per share, at a total cost of $39.5 million (£24.5 million) compared to $32.2 million (£20.0 million) last year, the Company has continued its rolling share buy-back programme in the first half of the year by repurchasing 5.6 million shares at an average price of $5.80 (£3.60) per share and total cost of $32.6 million (£20.2 million). The Company's objective remains to buy-back approximately $150 million - $250 million (£100 million - £150 million) of shares each year, currently equivalent to 1½ - 2% of the ordinary share capital.

Client Developments in the First Half of 2003

Including associates and recently acquired Cordiant, the Group currently employs over 69,000 full-time people in over 1,700 offices in 104 countries. It services over 300 of the Fortune Global 500 companies, over one-half of the Nasdaq 100, over 30 of the Fortune e-50, and approximately 333 national or multi-national clients in three or more disciplines. More than 130 clients are served in four disciplines and these clients account for over 50% of Group revenues. This reflects the increasing opportunities for co-ordination between activities both nationally and internationally. The Group also works with well over 100 clients in 6 or more countries.

The Group estimates that more than 35% of new assignments in the first half of the year were generated through the joint development of opportunities by two or more Group companies.

Current Progress and Future Prospects

The Group's financial performance in the first half of the year mirrored stabilisation and the slight improvement in economic conditions in the United States, countered to some extent by the continuing recession in the United Kingdom and parts of Continental Europe, and the relatively minor affects of SARS in Asia. Like-for-like revenue was flat in the first half of 2003, again exceeding the budgeted decline of almost 1%. July like-for-like revenues were up over 2%. A pre-goodwill and impairment operating margin of 12.3% was achieved, better than that budgeted, due principally to higher than budgeted revenues and a reduction in, and the variability of, non-staff costs.

We have now had almost three recessionary years, defined as a significant slow down in growth rates, as well as two consecutive quarterly declines in growth. This recession was led by a business-to-business downturn marked by a reduction in capital expenditure and similar investments, including in advertising and marketing services. The consumer has proved to be more resilient, with borrowing and spending being driven by low interest rates, discounting and zero coupon financing. In a close to zero inflationary environment with little pricing flexibility, clients have focussed on cutting costs and improving margins, liquidity and profitability. As a result, there are recent signs of increased business-to-business spending, particularly in technology.

Most importantly, significant government deficit spending is stimulating the United States economy, in particular in preparation for the 2004 United States Presidential election. The growth in United States government spending is currently greater than at any time since the Vietnam War in 1967. As we have indicated before, this bodes well for the prospects for 2004, further stimulated by the Athens Olympic Games, the Portuguese European Football Championship and heavy United States political advertising expenditure driving up media pricing. Certainly, it seems as though we are starting to climb out of the bath. The question remains, however, how inflationary all of this will be and the consequent impact on 2005 and beyond. Given these prospects and the results for the first half of 2003, the Group's margin target of 13.8% in 2004 looks achievable. For the full year in 2003, the addition of Cordiant may result in modest margin dilution, but not at the expense of earnings per share.

Plans, budgets and forecasts of revenues will continue to be made on a conservative basis and considerable attention is still being focused on achieving margin and staff cost to revenue or gross margin targets. Margins continue to be strong in important parts of the business. For example, the combined operating margins of our advertising and media investment management sector, are still over 14%. Geographically, North American operating margins are almost 16%. In addition to influencing absolute levels of cost, the initiatives taken by the parent company in the areas of human resources, property, procurement, information technology and practice development continue to improve the flexibility of the Group's cost base.

The Group continues to improve co-operation and co-ordination between companies in order to add value to our clients' businesses and our people's careers, an objective which has been specifically built into short-term incentive plans. Particular emphasis and success has been achieved in the areas of media investment management, healthcare, privatisation, new technologies, new markets, retailing, internal communications, hi-tech, financial services and media and entertainment.

The Group also continues to concentrate on its strategic objectives of improving operating profits by 10-15% per annum; improving operating margins by half to one margin point per annum or more depending on revenue growth; improving staff cost to revenue or gross margin ratios by 0.6 margin points per annum or more depending on revenue growth; converting 25-33% of incremental revenue to profit and growing revenue faster than industry averages and encouraging co-operation among Group companies.

As clients face an increasingly undifferentiated market place, the Group is competitively well positioned to offer them the creativity they desire, along with the ability to deliver the most effective co-ordinated communications in the most efficient manner. The rise of the procurement function, the increasing concentration of distribution and the legislative encouragement of media concentration in several countries, will further stimulate consolidation amongst clients, media owners, wholesalers and retailers and last, but not least, advertising and marketing services agencies. The Group is very well positioned to capitalise on these developments and to focus on developing the best talents, the strongest management structures and the most innovative incentive plans in the industry for our people.

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This announcement has been filed at the Company Announcements Office of the London Stock Exchange and is being distributed to all owners of Ordinary shares and American Depository Receipts. Copies are available to the public at the Company's registered office.

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