

WPP

Trading Statement for the First Quarter 2010

April 2010



First Quarter 2010 Summary

- ✿ Reported revenue down 1.8%. On a constant currency basis revenue up 0.5%.
- ✿ Like-for-like revenue flat.
- ✿ Geographically, USA has recovered first with like-for-like revenue up 4.1%, with the UK down 1.1% and Western Continental Europe down 2.0%.
- ✿ In Asia, Australia, New Zealand and Japan more difficult. On a combined basis China and India revenues up over 5% like-for-like.
- ✿ Average headcount in first quarter down over 10% versus first quarter of 2009.
- ✿ Profitability improved, with margins up well ahead of budget and last year, with incentive pools partly refilled.
- ✿ Net Debt at 31 March of £3.207 billion, down £351m compared with 31 March 2009, at 2010 exchange rates.

First Quarter 2010

Summary – Revenue Growth

	%
Like-for-like	+0.0
Acquisitions	0.5
Constant currency	0.5
Foreign exchange	-2.3 ¹
Reportable sterling	-1.8
Reportable US dollars²	6.6

¹ Average Q1 2010 exchange rate for US\$/ £ was \$1.559 (Q1 2009 \$1.435), €/£ was €1.127 (Q1 2009 €1.101) and Japanese Yen/£ was Y141.3 (Q1 2009 Y134.4).

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

First Quarter 2010

Revenue by Sector

	2010 £m	2009 £m	% Change		
			Reported	Constant Currency	Like-for- like
Advertising, Media Investment Management	805.9	819.0 ²	-1.6	-0.1	-0.9
Consumer Insight	542.5	552.0	-1.7	-0.2	-0.4
Public Relations & Public Affairs	199.7	201.6	-0.9	2.8	0.7
Branding & Identity, Healthcare and Specialist Communications	530.0	544.0 ²	-2.6	1.2	1.7
Total	2,078.1	2,116.6	-1.8	0.5	0.0¹

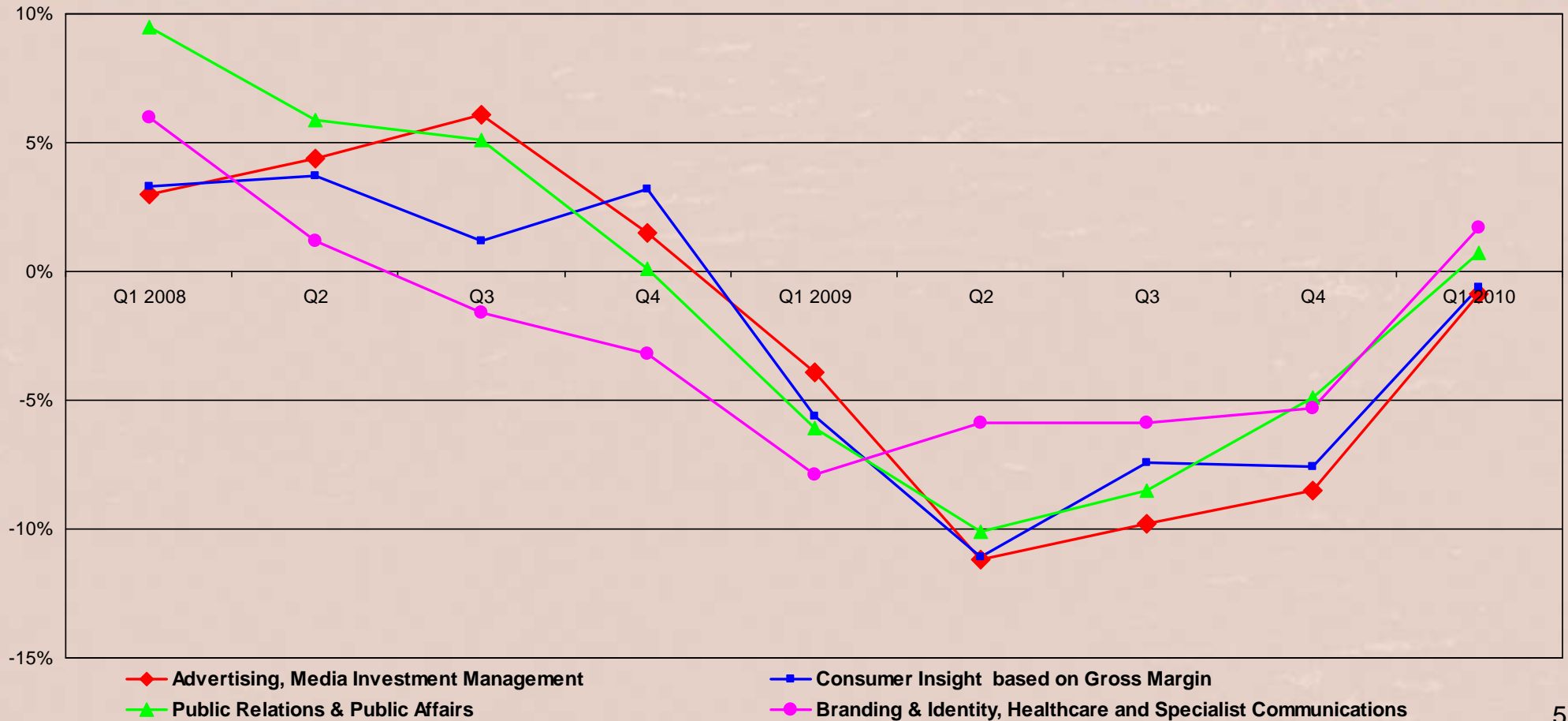
¹ Gross margin 0.3%

² In 2010 some rmg revenues have been included within JWT's advertising business and so 2009 comparatives have been restated.

First Quarter 2010

Organic Revenue Growth Trends by Sector

2008-2010 Q1 Quarter by Quarter



First Quarter 2010

Advertising, Media Investment Management

- * Constant currency revenue down 0.1%. Like-for-like revenue down 0.9%.
- * Significant improvement in advertising in the first quarter, compared with 2009. Western Continental Europe and the Middle East still difficult.
- * Media investment management saw a return to growth in the first quarter, with the UK and Western Continental Europe up strongly.

First Quarter 2010

Consumer Insight

- ✦ Constant currency revenue down slightly at 0.2% with like-for-like revenue similar, down 0.4%.
- ✦ Sequential quarterly improvement in revenues, but UK still under pressure. Like-for-like revenue growth in North America up almost 4%, with Continental Europe flat. Combined growth of almost 3% in the two major markets of France and Germany. Millward Brown, Kantar Worldpanel, Kantar Retail, Center Partners, Lightspeed and IMRB performed strongly.

First Quarter 2010

Public Relations & Public Affairs

- ✦ Constant currency revenue growth of 2.8%, with like-for-like revenue up 0.7% in the first quarter and March up over 4%.
- ✦ Geographically, strong growth in North America and Latin America. The UK and Western Continental Europe difficult. Strong growth in specialist PR businesses in the US.

First Quarter 2010

Branding & Identity, Healthcare and Specialist Communications

- * Constant currency revenue growth of 1.2%, like-for-like revenue growth 1.7% in first quarter with over 2% in March.
- * Wunderman, OgilvyOne and G2 all showed like-for-like growth. Specialist digital companies, including 24/7 Real Media, Schematic, Blue Group and Quasar like-for-like growth of over 9%.
- * Geographically, strong like-for-like growth in direct, digital and interactive in the US, UK and Asia Pacific.

First Quarter 2010

Direct, Digital and Interactive

- ✿ At 31 March 2010, direct, digital and interactive revenues were \$908m or 27% 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

First Quarter 2010

Revenue by Region

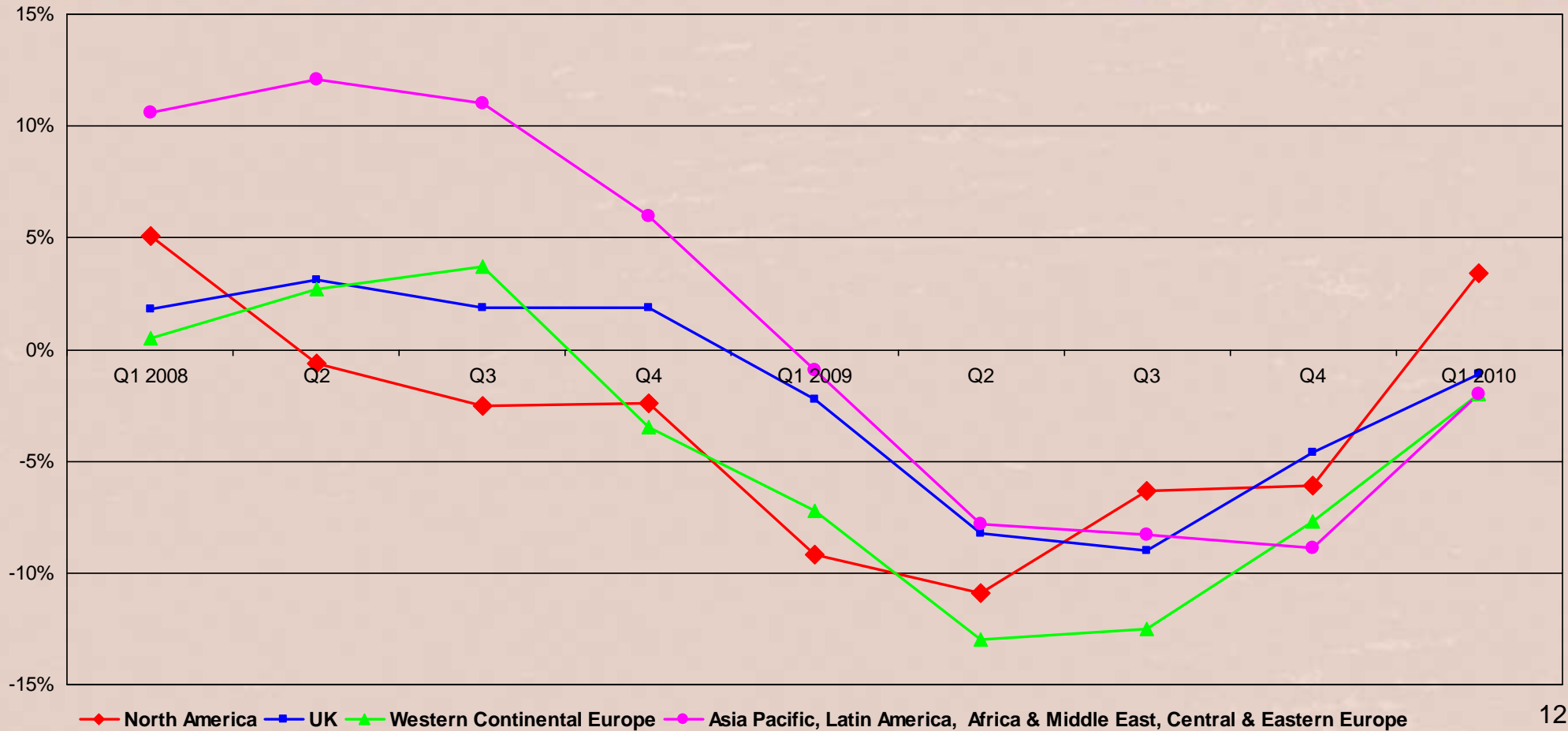
	2010 £m	2009 £m	% Change		
			Reported	Constant Currency	Like-for- like
North America	754.4	784.9	-3.9	3.2	3.4
UK	251.6	251.1	0.2	0.2	-1.1
Western Continental Europe	535.9	549.6	-2.5	-1.1	-2.0
Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe	536.2	531.0	1.0	-1.5	-2.0
Total	2,078.1	2,116.6	-1.8	0.5	0.0¹

¹ Gross Margin 0.3%

First Quarter 2010

Organic Revenue Growth Trends by Region

2008-2010 Q1 Quarter by Quarter



First Quarter 2010

Growth by Region

- ✿ North America recovered first, constant currency revenues up 3.2%.
- ✿ UK also positive with growth of 0.2%. Western Continental Europe most challenged region with revenue down 1.1%.
- ✿ Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe down 1.5%, partly the result of stronger comparatives in Latin America and the Middle East.
- ✿ In Asia Pacific, Japan, Australia and New Zealand most affected with combined constant currency revenues down almost 7%. South East Asia saw revenue growth of over 5% with all major markets showing positive growth. Two biggest markets of Mainland China and India up over 5% on a combined basis.

First Quarter 2010

Revenue growth by Country

Revenue Growth¹

>10%

Countries

Argentina, Singapore

5% to 10%

India, Russia

0% to 5%

Belgium, Denmark, Greater China, Mexico, Spain, USA

<0%

Australia, Brazil, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, UK

¹ Like-for-like growth

First Quarter 2010

Revenue Growth by Category

Revenue Growth¹

Categories

>10%

Computers

5% to 10%

Financial Services, Pharmaceuticals

0% to 5%

Personal Care & Drugs

<0%

Automotive, Drinks, Entertainment, Food, Government,
Oil, Retail, Telecommunications

¹ Like-for-like growth

First Quarter 2010

Effects of Sterling Strength

✿ Currency movements accounted for a 2.3% decrease in revenue, largely reflecting the strength 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:

	Q1 2010	Q1 2009	Sterling stronger
US\$	1.559	1.435	9%
€	1.127	1.101	2%
¥	141.3	134.4	5%

First Quarter 2010

Trade Estimates of Major New Business Wins – First Quarter

Agency	Account	Office	Billings (\$m)
GroupM	Bayer	Worldwide	600
M4C	COI	UK	375
Team Bayer	Bayer	Worldwide	200
GroupM	Amway Artistry	China	200
mec	Bacardi	Worldwide	200
Maxus	BT	UK	120
MediaCom	EA Games	Europe	115
MediaCom	Revlon	USA	100
Ogilvy	Ikea	USA	90
Ogilvy	Tsingtao Beer	China	50
Grey	Santander	Europe	32
Maxus ¹	Fiat	UK	30
Ogilvy	American Family Insurance	USA	30
mec	South Australian Government	Australia	27
mec	Telkomsel	Indonesia	25

¹Transfer from mec

First Quarter 2010

Trade Estimates of Major New Business Losses – First Quarter

Agency	Account	Office	Billings (\$m)
MediaCom	Smuckers	USA	95
mec ¹	Fiat	UK	30
MediaCom	Deutsche Bank	Worldwide	25

¹Transfer to Maxus

First Quarter 2010

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	GroupM	Wind Telecom	Italy	230
	Grey	Direct TV	USA	200
	Ogilvy	IHG	Worldwide	120
	GroupM	BNP Paribas	Italy	25

First Quarter 2010

Internal Estimates of Net New Business Wins – Year to Date

Billings (\$m)	Creative	Media	Total
Advertising	530	941	1,471
Other Businesses	234	-	234
Total	764	941	1,705

First Quarter 2010

New Business – Focus on Media

- ✿ RECMA¹ runs a report on media new Biz “Compitches 2009”, covers 2,000 account moves across 26 countries.
- ✿ Creates a points ranking based on billing size, global and geographic scope (local, regional or global).

1. GroupM	245 points
2. Publicis	141 points
3. Omnicom	126 points
4. IPG	125 points
4. Aegis	105 points
5. Havas	95 points
- ✿ mec is the individual agency leader.

¹RECMA Global Reports: COMPITCHES 2009 issued 26 April, 2010

First Quarter 2010

Uses of Cashflow

- ✦ Average net debt in the first three months down £389 million to £2.854 billion, compared to £3.243 billion in 2009, at 2010 exchange rates.
- ✦ Net debt at 31 March 2010 down £351 million to £3.207 billion, compared to £3.558 billion last year, at 2010 exchange rates.
- ✦ Free cash flow in the last 12 months of £924 million. In the same period, cash outflow on capital expenditure, acquisitions, share repurchases and dividends was £582 million.
- ✦ 4.5 million shares purchased at a cost of £28.6 million and average price of £6.42 per share.

First Quarter 2010

Acquisitions and Investments – Year to Date

Faster Growing Markets

Grey Brazil¹
Grey Poland¹
Solski (Poland)
Y&R SAA (Israel)¹

Quantitative and Digital

E-Commera² (UK)
Johannes Leonardo (USA)¹
RealTime Worlds (USA)^{1,2}
Video Egg (USA)^{1,2}
Visible Technologies (USA)¹

ID Consultores (Argentina)¹

Public Relations & Public Affairs
Hering Schuppener¹ (Germany)

¹ Step-ups in investments, associates and subsidiaries' equity

² Investment

First Quarter 2010

Use of Free Cash Flow

<u>Category</u>	<u>Target</u>	<u>March YTD</u>
New acquisitions ¹	Up to £100m	£13m
Share purchases	Up to 1%	0.4%
Dividends	Growth up to 15%	N/A

¹Includes investments and step-ups in subsidiaries' equity

First Quarter 2010 Summary

- ✿ Industry has moved from “staring into the abyss” through “less-worse” in 2009 to “stabilisation” for 2010.
- ✿ Flat revenue in Q1 with positive like-for-like growth in March and sequential monthly improvement.
- ✿ Q1 revenue 3% ahead of budget.
- ✿ Strong new business inflow which has continued into April – the Group topped all the new business tables for Q1.
- ✿ Strong cash flow from operations – average net debt down £389m on a constant currency basis.

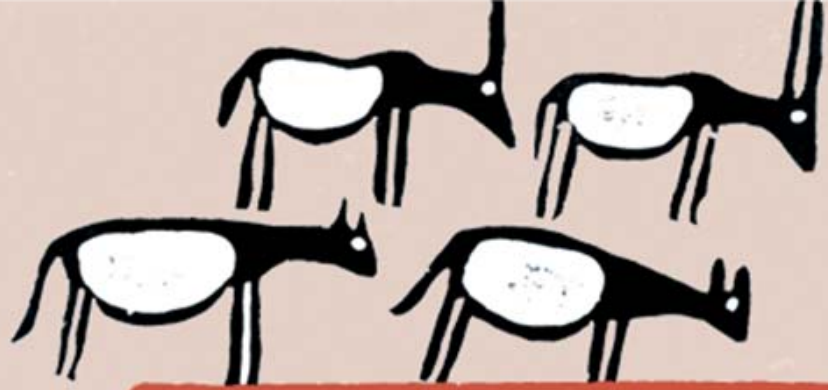
First Quarter 2010 Outlook

- ✿ The US has shown the sharpest turnaround indicating it will be the biggest source of growth in 2010.
- ✿ Faster growing markets were later into the recession but show a similar trend and should be the major source of growth in 2011 and beyond.
- ✿ Our preliminary reforecast indicates:
 - 2% like-for-like growth versus the budget and last year
 - Margin improvement of 1.0 margin point or more versus 2009
- ✿ H1 2010 margin and profit should be well ahead of same period in 2009 – H2 2010 operating profit should also improve but margin comparative more difficult.
- ✿ Direct, digital and interactive look set to outperform.

First Quarter 2010

Conclusions

- ✿ The Group is well placed by region and discipline to benefit from industry trends.
- ✿ The investment in digital tools and infrastructure will enable the Group to optimise client campaigns and build unique advantage for clients.
- ✿ 2009 cost reductions and H1 2010 planned actions leave the Group ready to leverage revenue growth to enhance margins and grow EPS.
- ✿ As the world exits the financial crisis, the Group's strategic focus on new markets, new media, consumer insight and the application of technology and data will prove to be even more effective.



WPP

Trading Statement for the First Quarter 2010

April 2010

