

23 October 2000

## WPP

### QUARTERLY TRADING UPDATE

The proportion of revenues and revenue growth by region was as follows:

<b>Region</b>	<b>Revenue as a % of total Group</b>	<b>Revenue growth % 00/99</b>
North America	48.8	16.5
United Kingdom	15.8	13.5
Continental Europe	19.3	21.5
Asia Pacific, Latin America, Africa & Middle East	16.1	31.8
ENLARGED WPP GROUP	<u>100</u>	<u>19.1</u>

The proportion of revenues and revenue growth by communications services sector was as follows:

<b>Communications Services Sector</b>	<b>Revenue as a % of total Group</b>	<b>Revenue growth % 00/99</b>
Advertising & Media		
Investment Management	45.4	16.5
Information and Consultancy	13.7	26.4
Public Relations and Public Affairs	13.7	36.7
Branding & Identity, Healthcare and Specialist Communications	27.2	12.9 <sup>1</sup>
ENLARGED WPP GROUP	<u>100</u>	<u>19.1</u>

<sup>1</sup> Gross profit up almost 17% on a like-for-like basis.

### **Current trading**

For the first nine months of 2000, the Group was above budget and significantly ahead of last year. Year to date results indicate that the Group will achieve its objective of a further 0.6 margin point improvement in reported operating margins from 13.4% to 14.0% in 2000.

### **Balance sheet and cashflow**

The Group continues to implement its strategy of using free cashflow to enhance share owner value through a combination of strategic acquisitions and share purchases.

In the third quarter of 2000 the Group completed acquisitions in advertising and media investment management in Taiwan; in public relations and public affairs, in Switzerland; in branding and identity, healthcare and specialist communications in Ireland, Turkey, the UK and the USA; and in interactive in Israel, Italy and the USA.

3.5 million WPP shares were purchased during the third quarter at an average price of £8.88 and total cost of almost £31 million. In the first nine months of 2000 the Group has purchased 8.3 million WPP shares at an average price of £9.28 per share and total cost of £77 million. The rolling share re-purchase and buy-back programme continues at a target level of £100 million - £150 million per annum, equivalent to approximately 1-2% of the ordinary share capital.

Average net debt rose during the third quarter to £469 million from £248 million in the same period last year in constant currencies and compares to a market capitalisation of approximately £9.2 billion. This reflects £466 million spent on capital expenditure, acquisitions, share purchases and dividends in the previous twelve months. Free cashflow over the same period was £293 million.

### **Future objectives**

The Group continues to focus on its key objectives of improving operating profits and margins, increasing cost flexibility (particularly in the areas of staff and property costs), using free cashflow to enhance share owner value, continuing to develop the role of the parent company in adding value to our clients and people, developing our portfolio in high revenue growth geographic and functional areas and, last but not least, improving our creative quality and capabilities.

For further information:

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## Appendix: Revenue and revenue growth by region and communications services sector

### 3 months ended 30 September 2000

Region	Revenue 2000 £m	Revenue 1999 £m	Revenue growth reported 00/99 %	Constant currency growth <sup>1</sup> 00/99 %
North America	309.5	238.4	29.8	19.5
United Kingdom	122.6	110.3	11.2	11.2
Continental Europe	122.1	96.4	26.7	34.3
Asia Pacific, Latin America, Africa & Middle East	125.2	92.7	35.1	24.8
<b>Total Group</b>	<b>679.4</b>	<b>537.8</b>	<b>26.3</b>	<b>21.2</b>

Communications Services Sector	Revenue 2000 £m	Revenue 1999 £m	Revenue growth reported 00/99 %	Constant currency growth <sup>1</sup> 00/99 %
Advertising & Media Investment Management	302.0	242.0	24.8	19.7
Information & Consultancy	143.6	107.1	34.1	29.9
Public Relations & Public Affairs	70.8	46.3	52.9	44.7
Branding & Identity, Healthcare and Specialist Communications	163.0	142.4	14.5	9.6 <sup>2</sup>
<b>Total Group</b>	<b>679.4</b>	<b>537.8</b>	<b>26.3</b>	<b>21.2</b>

<sup>1</sup> Constant currency revenue growth excludes the effect of currency movements.

<sup>2</sup> Gross profit up almost 22% on a like-for-like basis.

## Appendix: Revenue and revenue growth by region and sector

### 9 months ended 30 September 2000

Region	Revenue 2000 £m	Revenue 1999 £m	Revenue growth reported 00/99 %	Constant currency growth <sup>1</sup> 00/99 %
North America	863.1	690.4	25.0	18.8
United Kingdom	357.4	322.3	10.9	10.9
Continental Europe	340.8	295.5	15.3	24.6
Asia Pacific, Latin America, Africa & Middle East	327.2	246.9	32.5	24.1
<b>Total Group</b>	<b>1,888.5</b>	<b>1,555.1</b>	<b>21.4</b>	<b>19.0</b>

Communications Services Sector	Revenue 2000 £m	Revenue 1999 £m	Revenue growth reported 00/99 %	Constant currency growth <sup>1</sup> 00/99 %
Advertising & Media Investment Management	858.6	719.2	19.4	17.1
Information & Consultancy	383.1	299.0	28.1	26.4
Public Relations & Public Affairs <sup>2</sup>	192.6	129.1	49.2	44.5
Branding & Identity, Healthcare and Specialist Communications	454.2	407.8	11.4	9.0 <sup>3</sup>
<b>Total Group</b>	<b>1,888.5</b>	<b>1,555.1</b>	<b>21.4</b>	<b>19.0</b>

<sup>1</sup> Constant currency revenue growth excludes the effect of currency movements.

<sup>2</sup> The revenue figures submitted to the Council of Public Relations Firms reflect some public relations income which is included here in advertising and media investment management, branding and identity, healthcare and specialist communications. Total public relations and public affairs revenues grew over 37% to \$352 million.

<sup>3</sup> Gross profit up over 22% on a like-for-like basis.