

WPP

Results for 2003

February 2004

WPP

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PVR Overview

WPP

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Results for 2003

Results for 2003

Performance versus consensus

- Revenues of £4,106m (up 5%) against consensus of £4,033m.
- Achieved margin improvement of 0.7% to 13%, in line with expectations, post Cordiant.
- Headline PBIT of £533m (up 11%) and ahead of consensus £524m.
- Headline PBT of £473m (up 18%) and ahead of consensus £450m.
- Headline diluted EPS of 29.0p (up 16%), ahead of consensus EPS of 28.1p
- All spending on capex, acquisitions (including Cordiant), share purchases and cancellations and dividends, funded by trading cashflow.
- Strong improvement in working capital, leading to reduced year end net debt of £362m.

Results for 2003

- Reported revenue up over 5%. On a constant currency basis, revenue up over 7%. Like-for-like revenue up 0.7%.
- Headline PBIT up over 11% to £533.5m from £480.2m.
- Operating margins up to 13.0% from 12.3%.
- Profit before tax up over 70% to £349.9m from £205.4m.
- Diluted headline EPS up over 16% to 29.0p from 24.9p.
- Full year dividend up 20% to 6.48p per share.
- Estimated net new business billings of over £2.232 billion (\$3.572 billion).

Results for 2003

Unaudited Income Statement

Year to 31 December

	2003 £m	2002 £m	Change %	Constant Currency %
Revenue	4,106.0	3,908.3	5.1	7.3
Operating Profit pre-goodwill and impairment	493.0	450.2	9.5	10.8
Goodwill and impairment - subsidiaries	(77.7)	(177.7)	56.3	56.3
Operating Profit	415.3	272.5	52.4	56.3
Income from associates	40.5	30.0	35.0	32.3
Goodwill and impairment - associates	(34.3)	-	-	-
PBIT pre investment write-downs	421.5	302.5	39.3	41.9
Net gain on disposal of fixed assets	-	9.2	-	-
Amounts written off fixed asset investments	-	(19.9)	-	-
Interest and similar charges (including FRS 17 interest)	(71.6)	(86.4)	17.1	13.4
Profit before tax	349.9	205.4	70.4	75.1
Tax at 25.8% (2002 25.8%)	(122.1)	(103.4)	18.1	15.7
Profit after tax	227.8	102.0	123.3	142.0
Standard diluted EPS	18.2p	7.7p	136.4	154.3
Headline diluted EPS	29.0p	24.9p	16.5	17.4

Results for 2003

Unaudited Headline¹ Income Statement

	Year to 31 December		Change %	Constant Currency %
	2003 £m	2002 £m		
Revenue	4,106.0	3,908.3	5.1	7.3
Operating Profit pre-goodwill & impairment	493.0	450.2	9.5	10.8
Income from associates	40.5	30.0	35.0	32.3
PBIT pre investment write-downs	533.5	480.2	11.1	11.8
Interest and similar charges	(60.1)	(79.6)	24.5	20.9
Profit before tax	473.4	400.6	18.2	18.2
Tax at 25.8%(2002 25.8%)	(122.1)	(103.4)	(18.1)	(15.7)
Profit after tax	351.3	297.2	18.2	19.8
Headline diluted EPS	29.0p	24.9p	16.5	17.4
Headline diluted EPS including FRS 17	28.0p	24.3p	15.2	16.1
Operating margin pre-goodwill & impairment	13.0%	12.3%	+0.7*	

¹ Figures stated before goodwill amortisation and impairment, fixed asset gains and write-downs and FRS 17 interest. The calculation is set out on wppinvestor.com

* Margin points

WPP

Results for 2003

Organic Growth

- Organic growth on like-for-like basis only at WPP and OMC in 2003
- Improving quarterly trend since first quarter 2003
- In fourth quarter 2003 all disciplines at WPP showed organic growth including Public Relations & Public Affairs

	WPP	OMC	IPG	Publicis		Havas	
				Published	*	Published	*
Q1	Flat	2.6	-5.4	-1.2	-3.6	-5.8	-8.6
Q2	Flat	2.6	-3.0	+1.6	-1.6	-7.8	-7.8
Q3	>1	5.2	-1.7	+2.0	-	-5.6	-9.7
Q4	>1	7.6	n/a	+5.2	3.5	-3.8	-7.8
FY	0.7	4.6	n/a	+2.0	-0.8	-5.7	-8.3

* Restated to include revenues lost due to closures, client losses and consolidation, consistent with reporting by WPP, OMC and IPG

Results for 2003

Revenue by Discipline

	2003 £m	Revenue 2002 £m	% Change	% Change Constant currency
Advertising & Media Investment Management	1,935.8	1,810.0	7.0	9.2
Information, Insight & Consultancy ¹	703.6	664.7	5.9	6.8
Public Relations & Public Affairs	426.3	447.6	-4.8	-0.6
Branding & Identity, Healthcare and Specialist Communications ¹	1,040.3	986.0	5.5	8.0
Total	4,106.0	3,908.3	5.1	7.3

¹ Reflects certain specialist communications companies transferred to information, insight and consultancy in 2003

Results for 2003

Revenue by Region

	2003 £m	Revenue 2002 £m	% Change	% Change constant currency
North America	1,678.7	1,723.2	-2.6	5.8
UK	664.9	619.2	7.4	7.4
Continental Europe	1,079.4	929.6	16.1	6.5
Asia Pacific, Latin America, Africa & Middle East	683.0	636.3	7.3	13.0
Total	4,106.0	3,908.3	5.1	7.3

Results for 2003

Operating Profit and Operating Margin by Discipline

	Operating profit ¹		Operating margin	
	2003	2002	2003	2002
	£m	£m	%	%
Advertising & Media Investment Management	295.5	274.7	15.3	15.2
Information, Insight & Consultancy ²	50.0	48.5	7.1	7.3
Public Relations & Public Affairs	55.0	46.5	12.9	10.4
Branding & Identity, Healthcare and Specialist Communications ²	133.0	110.5	12.8	11.2
Total	533.5	480.2	13.0	12.3

¹ Operating profit includes income from associates but excludes goodwill and impairment

² Reflects certain specialist communications companies transferred to information, insight and consultancy in 2003

Results for 2003

Operating Profit and Operating Margin by Region

	Operating profit ¹		Operating margin	
	2003	2002	2003	2002
	£m	£m	%	%
North America	247.8	243.7	14.8	14.1
UK	71.8	67.5	10.8	10.9
Continental Europe	121.8	99.7	11.3	10.7
Asia Pacific, Latin America, Africa & Middle East	92.1	69.3	13.5	10.9
Total	533.5	480.2	13.0	12.3

¹ Operating profit includes income from associates but excludes goodwill and impairment

Results for 2003

Revenue Growth by Country *

Revenue Growth	Countries
● 15%+	China, Spain,
● 10-15%	Brazil, India, Italy, Japan, Mexico
● 5-10%	France, Germany, Hong Kong, Taiwan,
UK, USA	
● 0-5%	Australia, Belgium, Netherlands
● < 0%	Canada, Singapore, Sweden, Switzerland

* Constant currency basis

Results for 2003

Revenue Growth by Category ¹

Revenue Growth	Categories
15%+	Computer, Electrical
10-15%	Food, Oil
5-10%	Drinks, Financial Services, Personal Care & Drugs
< 5%	Automotive, Retail, Telecommunications

¹ Constant currency basis

Results for 2003

Effects of Strength of Sterling

- The weakness of sterling against the Euro was more than counterbalanced by the strengthening of sterling against the dollar.
- However, moving down the income statement, this adverse currency impact is partly hedged by the effect of dollar denominated operating expenses and interest costs, particularly at the profit before tax level.

Results for 2003

Major new business wins in 2003

Agency	Account	Office	Billings (\$m)
Y&R Brands	Burger King	USA	345
Berlin Cameron/Red Cell	Coca-Cola Classic	USA	250
Ogilvy	Cisco	Worldwide	150
MindShare	Nextel	USA	150
Team LG	LG	Worldwide	100
JWT/MindShare	Ford – F150	USA	100
Y&R Group	Chevron Texaco	USA	95
Berlin Cameron/Red Cell	Pfizer - Zyrtec	Worldwide	74
Mediaedge:cia	Scotts	USA	80
MindShare	Unilever	Thailand	70
MindShare	Argos	UK	63
CommonHealth	Astra Zeneca	USA	60
Y&R Advertising	Ford (Lincoln)	USA	60
Berlin Cameron/Red Cell	Boost Mobile	USA	50
Mediaedge:cia	Novell	Worldwide	50
Ogilvy	Chemistry Council	USA	50

(All billings figures are based on trade press estimates, where available)

Results for 2003

Major new business wins in 2003

Agency	Account	Office	Billings (\$m)
MindShare	Abbey National	UK	50
Soho Square	Yahoo	USA	48
Mediaedge:cia	South Africa Tourism	S. Africa	47
Berlin Cameron/Red Cell, MindShare	WhiteWave (Soymilk)	USA	40
WINS JWT	Vodafone	UK	38
JWT	Golden Wonder	UK	38
JWT	McLeod	USA	35
JWT	Unilever	USA	30
Ogilvy	Progressive Corp	USA	30
Y&R Advertising	Carlsberg	Worldwide	30
Mediaedge:cia	Banca Intesa	Italy	30
Mediaedge:cia	Mitsubishi	France	28

(All billings figures are based on trade press estimates, where available)

Results for 2003

Major new business losses in 2003

	Agency	Account	Office	Billings (\$m)
LOSSES	JWT	Pfizer - Celebrex	USA	81
	Bates	VW - Seat	Europe	75
	WPP	Boots	UK	75
	JWT	Diageo	Worldwide	60
	Bates	Cadbury Schweppes	Worldwide	57
	Mediaedge:cia	UIP	UK	50
	JWT	Pepsi China	China	45
	Y&R Advertising	Aeromexico	Mexico	30

(All billings figures are based on trade press estimates, where available)

Results for 2003

Net new business wins in 2003¹

	Creative	Media	Total
US \$ millions			
Advertising	853	1,863	2,716
Other Businesses	856	-	856
Total	1,709	1,863	3,572

¹ Estimated billings

Results for 2003

Estimated net new business wins in 2004

	Agency	Account	Office	Billings (\$m)
WINS	Y&R Brands	Microsoft	Worldwide	500*
	OgilvyOne	IBM	Worldwide	100
	JWT	Eli Lilly	USA	50
	JWT	Welch Foods	USA	25
	Group M	LG Electronics	India	22
LOSSES	Y&R Advertising	Burger King	USA	250
	Y&R Brands	IBM	Worldwide	100

** Some Microsoft products assigned to IPG
(All billings figures are based on trade press estimates, where available)*

Results for 2003

Cash Flow

	2003	2002
	£m	£m
Operating profit (pre-goodwill & impairment)	493	450
Depreciation	127	117
Interest paid & similar charges	(38)	(78)
Tax paid	(94)	(85)
Net cash generation	488	404

Results for 2003

Uses of Cash Flow

	2003 £m	2002 £m
Net cash generation	488	404
Capital expenditure	(94)	(101)
Acquisition payments:		
– Net initial payments – Cordiant	(95)	-
– Other	(165)	(105)
– Earnout payments	(56)	(82)
– Loan note redemptions	(39)	(94)
	(355)	(281)
Share repurchases	(23)	(76)
Other	53	46
Cash inflow/ (outflow)	69	(8)
Dividends	(67)	(56)
Share placement (net of expenses)	99	-
Net cash inflow/ (outflow) before NWC changes	101	(64)

Results for 2003

Net Debt - 31st December 2003

	2003 £m	2002 £m	% Variance
YTD average net debt	(1,222)	(1,343)	-9%
Net debt at 31 December	(362)	(723)	-50%
Interest (excluding FRS17)	(60)	(80)	-25%

Results for 2003

Year-end Credit Ratios

	2003	2002
	<u>£m</u>	<u>£m</u>
<u>P&L</u>		
EBITDA	660	597
Interest (excluding FRS17)	(60)	(80)
<u>Net debt</u>		
Year-end net debt	(362)	(723)
Year-end net debt & A/R facility	(641)	(940)
YTD average net debt	(1,222)	(1,343)
<u>Ratios</u>		
EBITDA/Interest	11.0	7.5
Year-end net debt & A/R facility/ EBITDA	1.0	1.6
YTD average net debt/EBITDA	1.9	2.2

Results 2003

Property

	Sq Ft 'm	Portfolio
Portfolio at Dec 2001	14.0	100%
2002 net disposals	(0.5)	-4%
Portfolio at Dec 2002	13.5	96%
2003 net disposals*	(0.9)	-6%
Portfolio at Dec 2003	12.6	90%
Cordiant properties	1.8	13%
Portfolio at Dec 2003 including Cordiant	14.4	103%
2004 forecast net disposals	(0.6)	-4%
Target portfolio at Dec 2004	13.8	99%

* Actual 2003 disposals lower than projected 1.1m target due to growth in Asia and small acquisitions

Results 2003

Property

Our medium term target is a 7% establishment cost to revenue ratio

	2000	2001	2002	2003	2004 Est.
Square Ft y/e (million)	13.4	14.0	13.5	14.4	c. 13.8
Headcount y/e (thousand)	51.2	51.0	49.4	54.3	c. 55.5
Square Foot/Head	262	274	273	265	c. 250
Establishment/Revenue	7.3%	7.8%	8.4%	7.9%	-

Establishment cost includes rent, property taxes, facility costs and depreciation on leasehold improvement spending.

Results 2003

Property

- Establishment cost to revenue ratio reduced by 0.5% to 7.9% in 2003.
- Net disposals of 1.4m sq. ft in last 2 years, without exceptional charge, representing 10% of the portfolio.
- A further 600,000 sq. ft (4%) targeted for disposal in 2004, and improvement in density ratios to 250 rentable sq ft per person.

Medium term objectives:

- Jettison surplus, and fully utilise remaining Cordiant properties.
- Improve establishment to revenue ratio to 7%.
- Reduce densities of rented space per person by 10% to circa 225 sq.ft .

WPP

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Key Priorities and Objectives

Key Priorities and Objectives

Short-term factors

- Quadrennial factors in 2004
- Fiscal stimulation and 2005
- Consolidation
 - Clients
 - Media owners
 - Agencies
 - Retail
- Trade promotion and distribution
- Move from commission to fees, procurement and outsourcing
- Network pricing and media fragmentation
- “Super agencies”
- PVRs

Key Priorities and Objectives

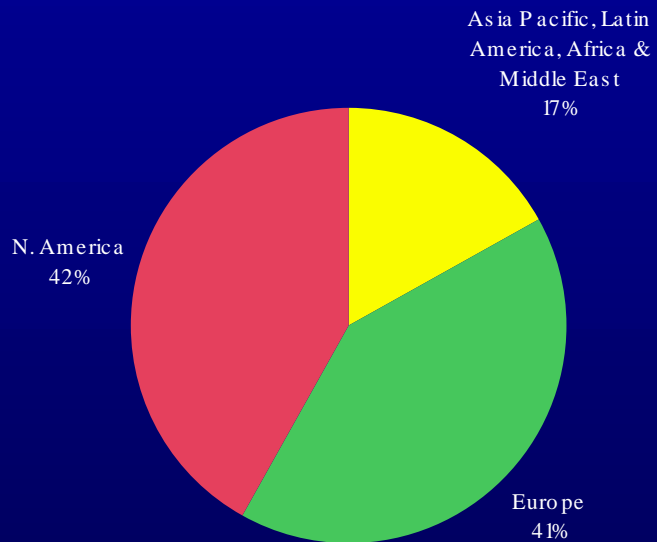
- Like-for-like revenue growth 0 to 5%
- Operating margin up 0.8 margin points to 13.8%
- Operating profit up 5 to 10%
- Acquisition profit growth 0 to 5%

Strategic Priorities

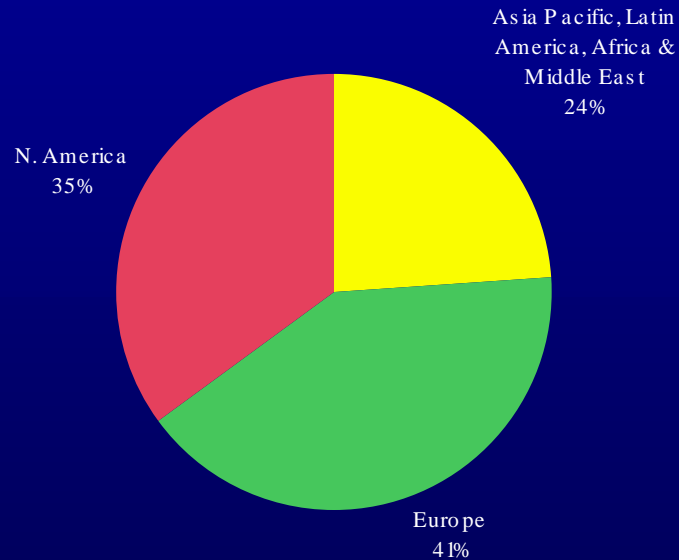
- Short-term; capitalise on 2004 growth
- Medium-term; continue to successfully integrate Y&R, Tempus and Cordiant
- Long-term; develop our businesses in the faster growing geographic regions and functional areas

Strategy, Structure and Competitive Position

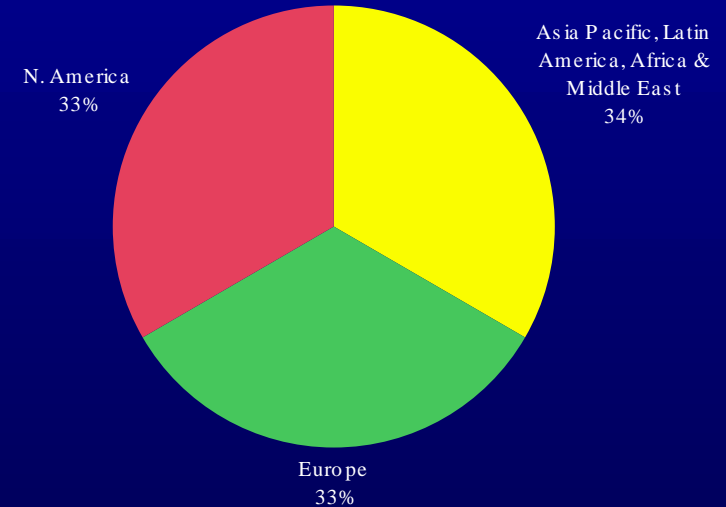
WPP Today



WPP Today Incl. Associates



WPP Tomorrow incl. associates



Strategy, Structure and Competitive Position

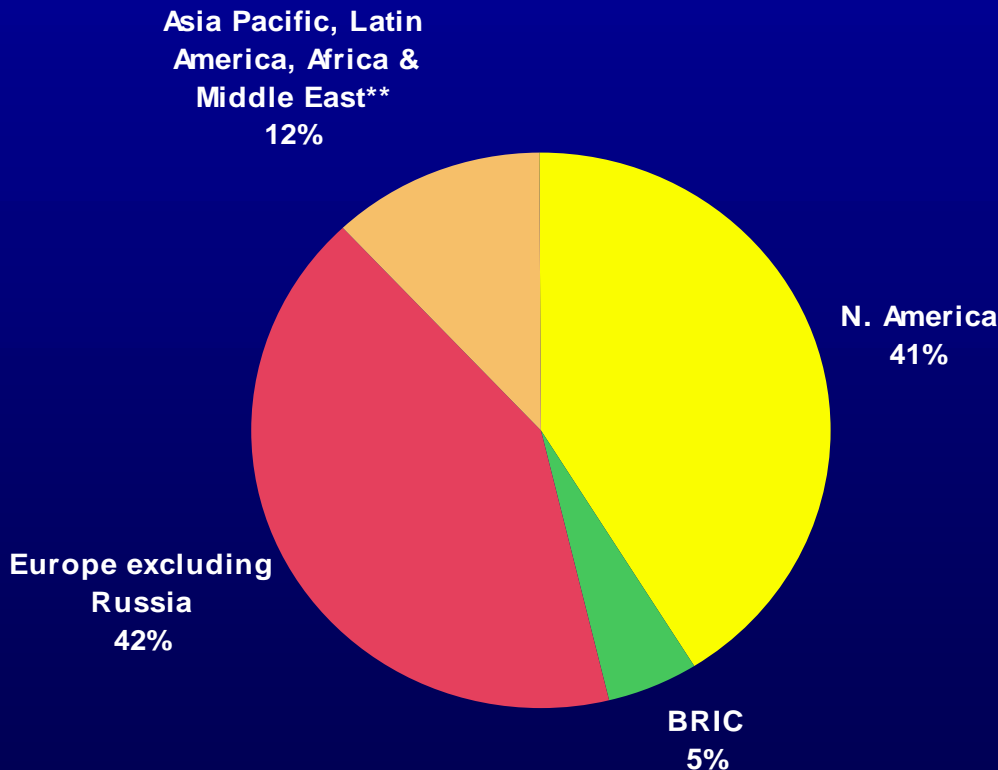
- Brazil, Russia, India and Greater China (BRIC) account for approximately 5% of WPP revenue today.
- According to Goldman Sachs research, “Dreaming with BRICs”*, these countries will grow at a 10.4% CAGR through 2015.
- According to Zenith, ad spending as a % of GDP for BRIC was 0.5% in 2001 compared to mature markets where it is 1.5% to 2%.
- If GDP grows in line with Goldman Sachs estimates, and advertising spending as a proportion of GDP equals that of mature markets, BRICs alone would represent approximately 25% of WPP revenue by 2015.

*Wilson, Dominic and Purushothaman, Roopa. 1 October 2003. “Dreaming with BRICs: The Path to 2050.” *Goldman Sachs Global Economics Paper No: 99*: page 9

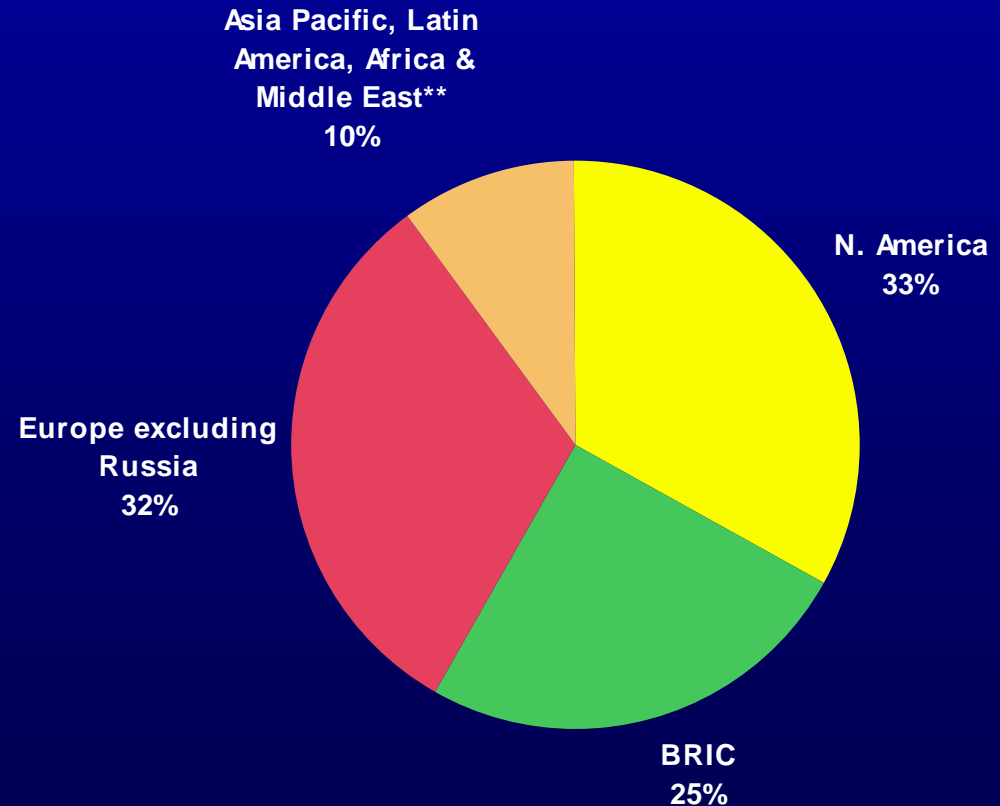
Strategy, Structure and Competitive Position

Assumes Brazil, Russia, India and China (BRIC) grows GDP at 10.4% through 2015, BRIC ad spend as % of GDP goes from 0.5% (Zenith) to 2%, WPP grows 1% faster than market (GDP projections per Goldman Sachs "Dreaming with BRICs"), and Non BRIC regions grow 4%

WPP Today



WPP BRIC Pro Forma*



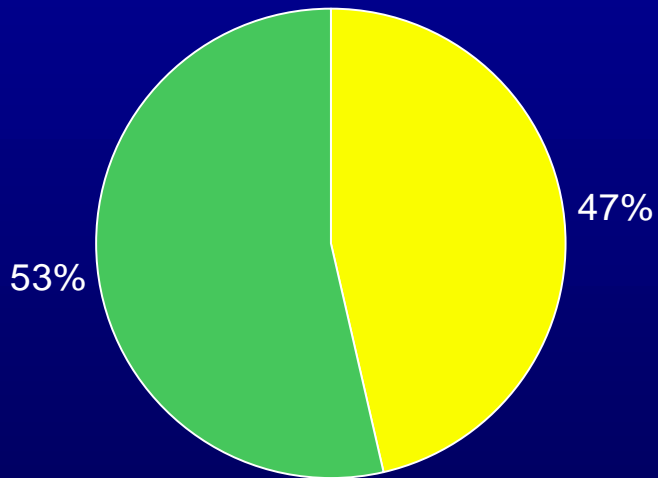
* Illustrative purposes only to isolate the effect of BRIC growing faster than the other regions

** Asia Pacific, Latin America, Africa & Middle East excluding Brazil, India and Greater China

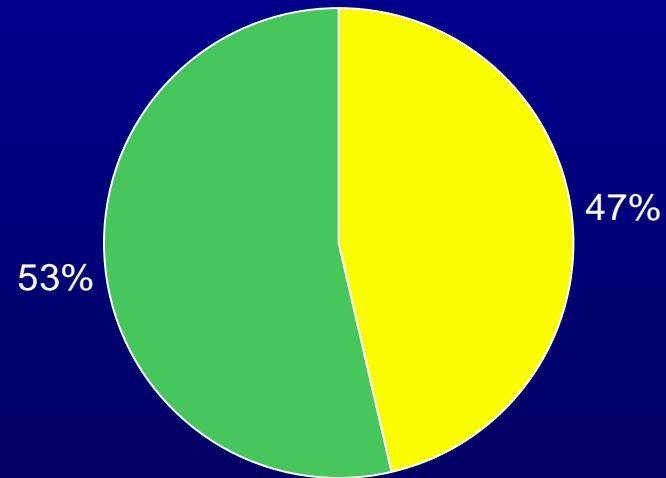
Strategic Priorities

Revenue by discipline (%)

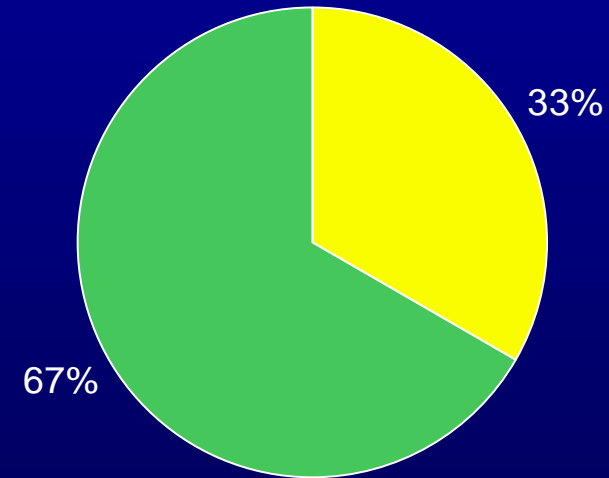
Today



Today including associates



Tomorrow



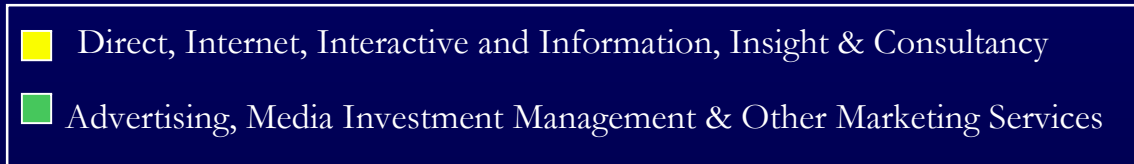
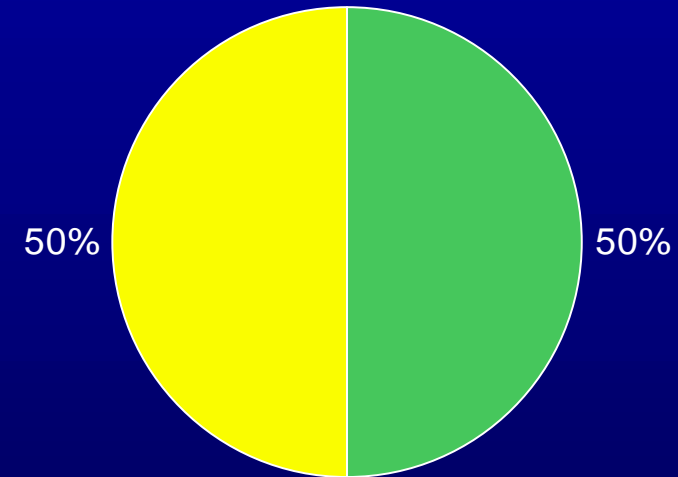
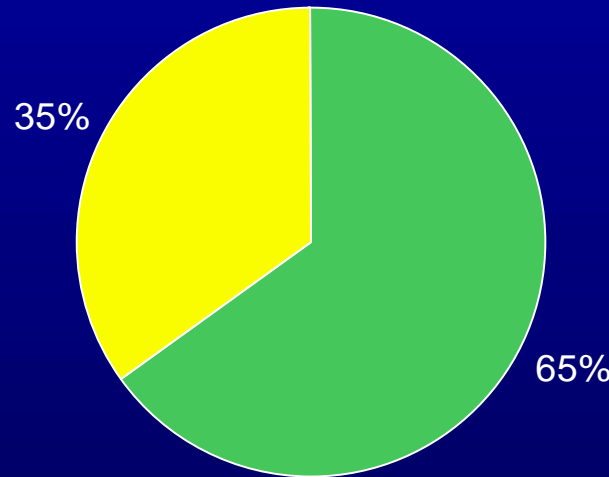
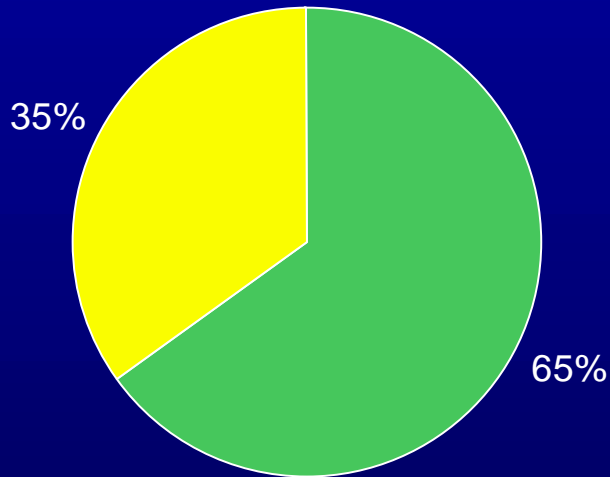
WPP Today

Quantitative Aids To Decision Making (%)

Today

Today including associates

Tomorrow



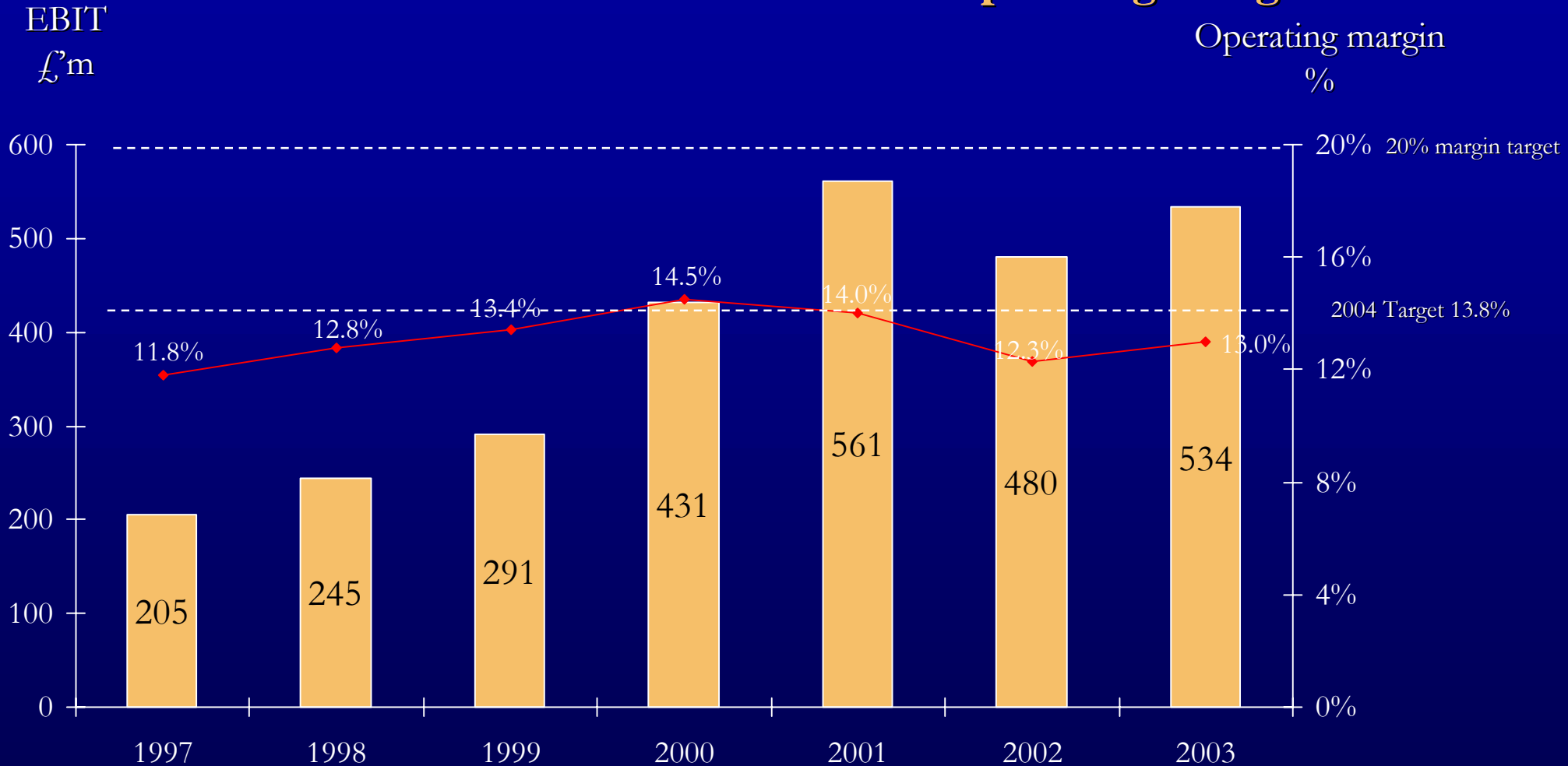
Strategy

We continue to focus on our key objectives

- Improving operating margins
- Increasing flexibility in the cost base
- Using free cash flow to enhance share owner value, and improving return on capital employed
- Developing the role of the parent company
- Emphasising revenue growth more as margins improve
- Improving the creative capabilities and reputation of all our businesses

Strategy

Historic financial record - EBIT¹ and operating margins



Note

1. 2001, 2002 and 2003 EBIT excludes goodwill and impairment, fixed asset gains and investment write-downs

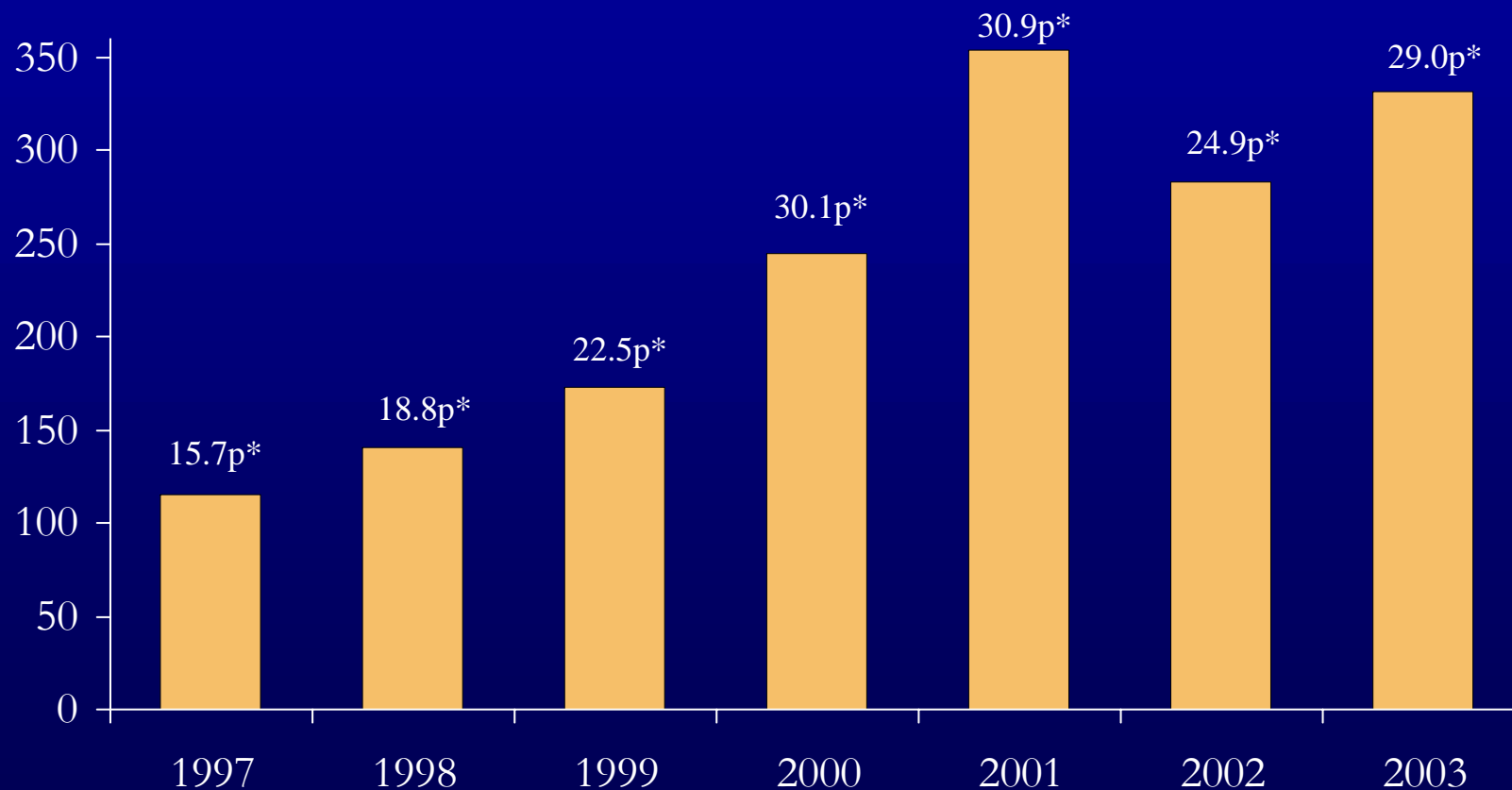
Financial Model

- Organic revenue growth 0-5%
- Margin growth in line with objectives
- Operating profit growth of 5-10%
- Incremental profit growth from acquisitions of up to 5%
- Overall growth in EPS of 10-15%

Historic financial record

Earnings and EPS* 1997-2003

Earnings
(£m)



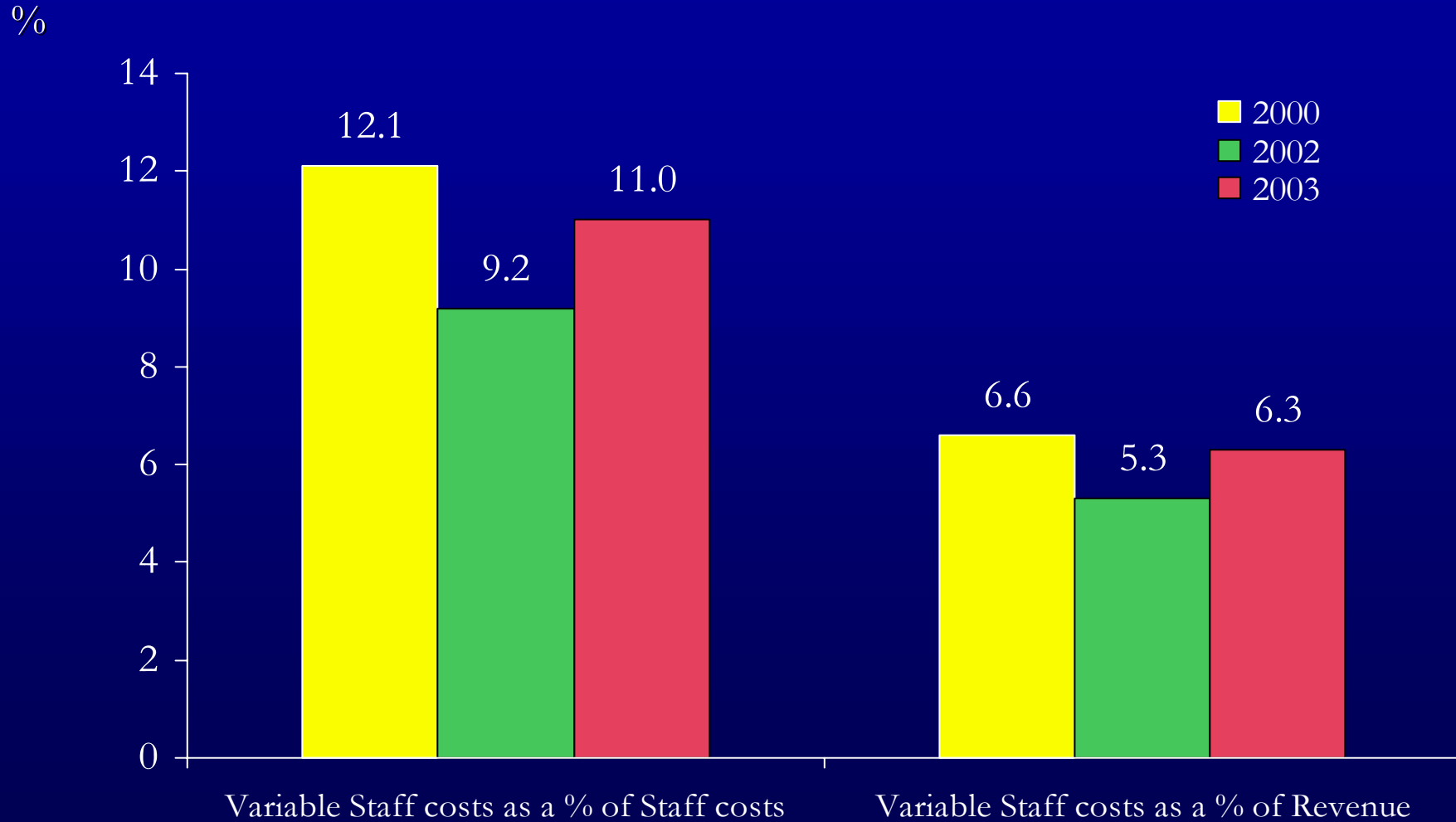
*Diluted EPS (2000 and 2001 restated to exclude goodwill and impairment, fixed asset gains, investment write-downs and FRS 17 interest)

Increasing flexibility in the cost base

- We continue to focus on a more flexible cost structure in three key areas:
 - Staff c. 50% of revenue
 - Property c. 10% of revenue
 - Bought in services c. 30% of revenue
- Increased flexibility in all areas important to combat economic slowdown

Increasing flexibility in the cost base

Change in variable costs ¹



Using Free Cashflow to Enhance Share Owner Value

Dividends and share purchases

- 2003 dividend raised by 20% to 6.48p per share
- Share repurchases and buy-backs

	<u>Shares</u>	<u>Amount</u>	<u>% of Share Base</u>
1997	7.2m	£ 31.2m	1.0%
1998	5.7m	£ 54.6m	0.8%
1999	3.3m	£ 17.9m	0.5%
2000	9.4m	£ 94.1m	1.1%
2001	3.8m	£ 103.3m	1.2%
2002	12.8m	£ 76.0m	1.1%
2003	6.3m	£ 23.1m	0.5%

- The Company will continue to commit to repurchasing up to 2% of its share base in the open market at an approximate cost of £150m, when market conditions are appropriate.

Using Free Cashflow to Enhance Share Owner Value

Acquisitions

- Cordiant acquired with effect from 1 August 2003.
- Continued focus on small strategic acquisitions - a number completed during the quarter.
- Major focus continues to be on information, insight and consultancy and the faster growing sectors within branding & identity, healthcare and specialist communications.
- Acquisitions in advertising used to address specific client or local agency needs.
- Continue to find opportunities particularly outside the USA.

Acquisitions

Advertising and media investment management

Ogilvy

Saltiveri & Asociados (Ecuador)

Shanghai Advertising (China)

LG Ad (South Korea)

India – increased stake

Graell Graphics (Spain) – increased stake

J. Walter Thompson

Fudge House (Australia) - increased stake

Promotions Italia (Italy) - increased stake

MDM (Germany)

Acquisitions

Advertising and media investment management

Y&R

Guye & Benker (Switzerland)

LG Ad (South Korea)

Goldsack Harris Partnership (New Zealand)

Vinizius (Barcelona) – increased stake

Red Cell

HHCL (UK)

Mediaedge:cia

Media Club (Italy)

Concept Media (Germany) - increased stake

The Leverage Group (USA)

Acquisitions

Information, insight and consultancy

Millward Brown

Sadek Wynberg (UK)

Kantar

Mattson Jack (USA)

Kantar Media Research

Marktest (Portugal)

AGB Italia – increased stake

Added Value

Planners (Spain) - increased stake

Acquisitions

Public relations and public affairs

Burson-Marsteller

Quinn Gillespie (USA)

Civitas (USA)

Hill & Knowlton

Sweden - increased stake

Branding and identity, Healthcare and Specialist communications

HealthAnswers (USA)

Mediapro (Spain)

Strategy

Emphasise Revenue Growth More as Margins Improve

- Continue to focus on delivering above average revenue growth by:
 - Expanding networks to take advantage of faster growing geographical markets
 - Re-enforcing competitive advantage in segments where growth is expected to remain higher, e.g. Market Research, Direct, Internet, Interactive, Hi-tech, Retail, Healthcare, etc.
 - Taking advantage of consolidation trends to gain market share

Strategy

Improving the creative capabilities and reputation of all our businesses

- By placing greater emphasis on recruitment
- By recognizing creative success tangibly and intangibly
- By acquiring highly regarded creative businesses
- By placing greater emphasis on awards

WPP

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Conclusions

Conclusions

- The Group continues to be well placed by region and discipline to benefit from key industry trends
- There is scope for further margin improvement, cost flexibility, use of free cashflow to enhance share owner value
- In the long term the Group will be concentrating on positioning its top line in the highest growth functional and geographic sectors and improving the effectiveness of its cost structure
- Continued emphasis on free cashflow after acquisition payments and share repurchases and return on capital.

WPP

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Strategy, Structure and competitive position

WPP Today

Key Facts

- WPP is one of the world's largest communication services groups.
- 70,000 people (including associates) in approximately 1,400 offices in 106 countries worldwide
- Over 330 of the Fortune 500 and over 50% of the NASDAQ 100 as clients, more than 230 clients in all four disciplines, over 200 clients in six or more countries. Over 40 of the top 200 megabrands in the United States and 42 of the Fortune e-50
- Quoted in London and on NASDAQ with market capitalisation of around \$13billion. 33rd in FTSE 100 Index, 8th in FT Top UK companies by turnover, 102nd in Euro FT 300, 346th in Global FT 500, 433rd in Business Week 1000 and 441st in Forbes International 500 and MSCI Index
- Group includes many of the best known brands in the industry

WPP Today

Many of the best known brands in the industry

- Ogilvy & Mather Worldwide
- J. Walter Thompson Company
- Y&R Advertising
- Red Cell
- Bates Asia
- MindShare
- Mediaedge:cia
- Research International
- Millward Brown
- BrandAsset Valuator and BRANDZ
- Hill & Knowlton
- Burson-Marsteller
- Ogilvy Public Relations Worldwide
- Cohn & Wolfe
- Robinson, Lerer & Montgomery
- OgilvyOne
- 141 Worldwide
- Wunderman
- CommonHealth
- Sudler & Hennessey
- Healthworld Communications
- Enterprise IG
- Landor Associates
- Fitch: Worldwide

Strategy

Our Mission

*To develop and manage talent; to
apply that talent, throughout
the world, for the benefit of
clients; to do so in partnership;
to do so with profit.*

Strategy

Our Goals

- To be the preferred provider of multinational communications services
- To understand and satisfy the increasingly complex needs of the client at every level from local to worldwide
- To provide clients with a comprehensive and, when appropriate, integrated range of marketing services of the highest quality; both strategically and tactically
- To ensure that each service provided to every client returns added value
- To grow and maintain companies of such excellence that they provide the most stimulating career opportunities for talented professionals in all disciplines
- To provide those professionals with rewards and incentives which encourage a sense of ownership
- Last but not least, to enhance share owner value

Strategy

The role of the parent company

We are increasingly complementing the professional activities of our individual operating companies through cross-Group initiatives and programs which provide greater value to clients as well as opportunities and rewards for our people

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Global Strength in Advertising

Market Position (<u>Gross Income</u>)	<u>WPP</u>	<u>OMC</u>	<u>IPG</u>	<u>Publicis</u> *
USA	2	4	1	3
Europe	2	1	4	3
Asia ex-Japan	1	2	4	3
Japan	4	5	3	7
Latin America	2	4	1	3

Source: Advertising Age, 22 April 2002. Based on gross income for agency brands.

Notes

* Excludes Dentsu

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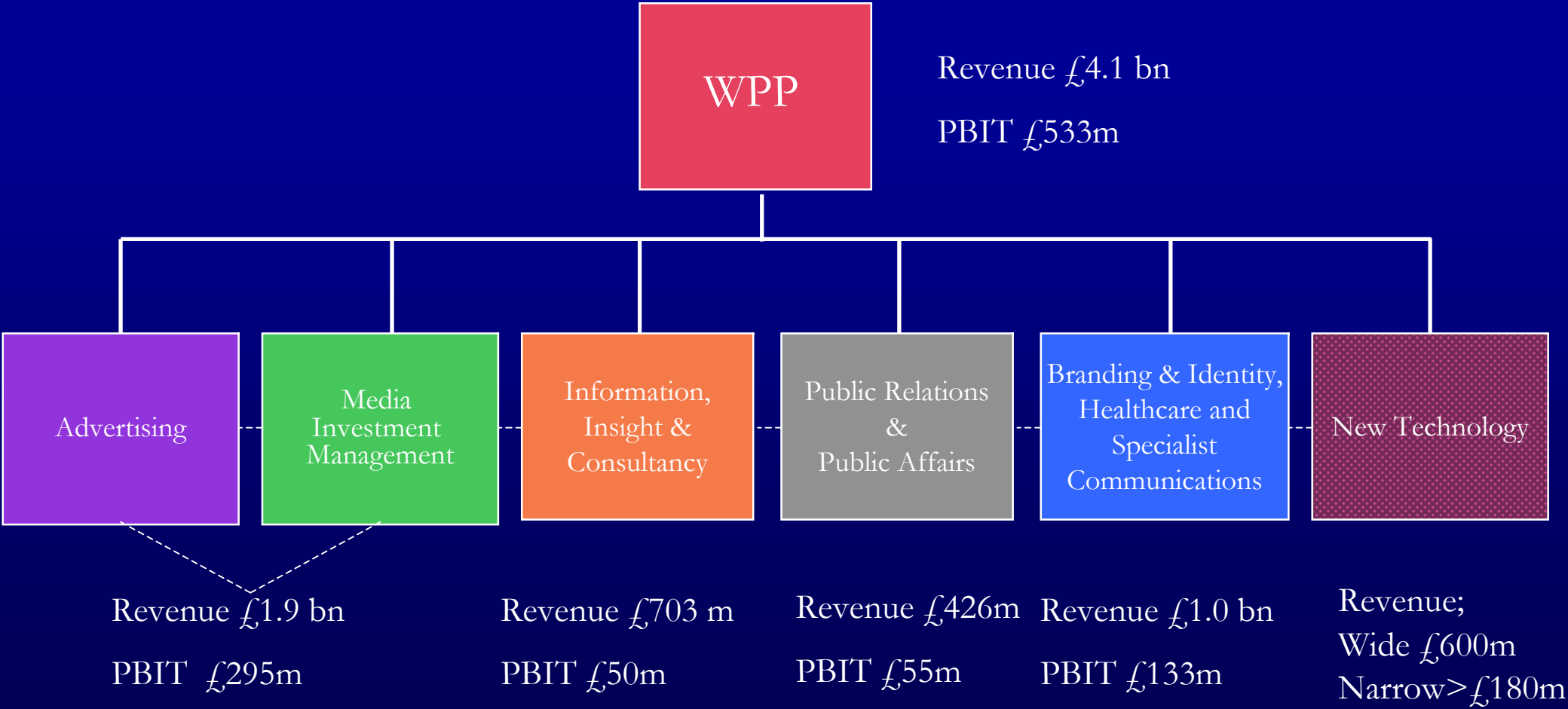
Worldwide Advertising Rank by market

	<u>WPP</u>	<u>OMC</u>	<u>IPG</u>	<u>Publicis*</u>
Australia	1	2	5	4
Brazil	2	4	1	3
France	4	1	5	3
Germany	2	1	4	3
Greater China	1	7	3	2
India	1	3	2	4
Italy	1	5	3	2
Japan	3	6	4	7
Korea	1	3	-	-
Mexico	2	3	1	4
Netherlands	2	1	4	3
Spain	2	3	1	5
UK	1	2	5	3
USA	2	4	1	3

Source: Advertising Age, 22 April 2002 ; Merrill Lynch for Korea

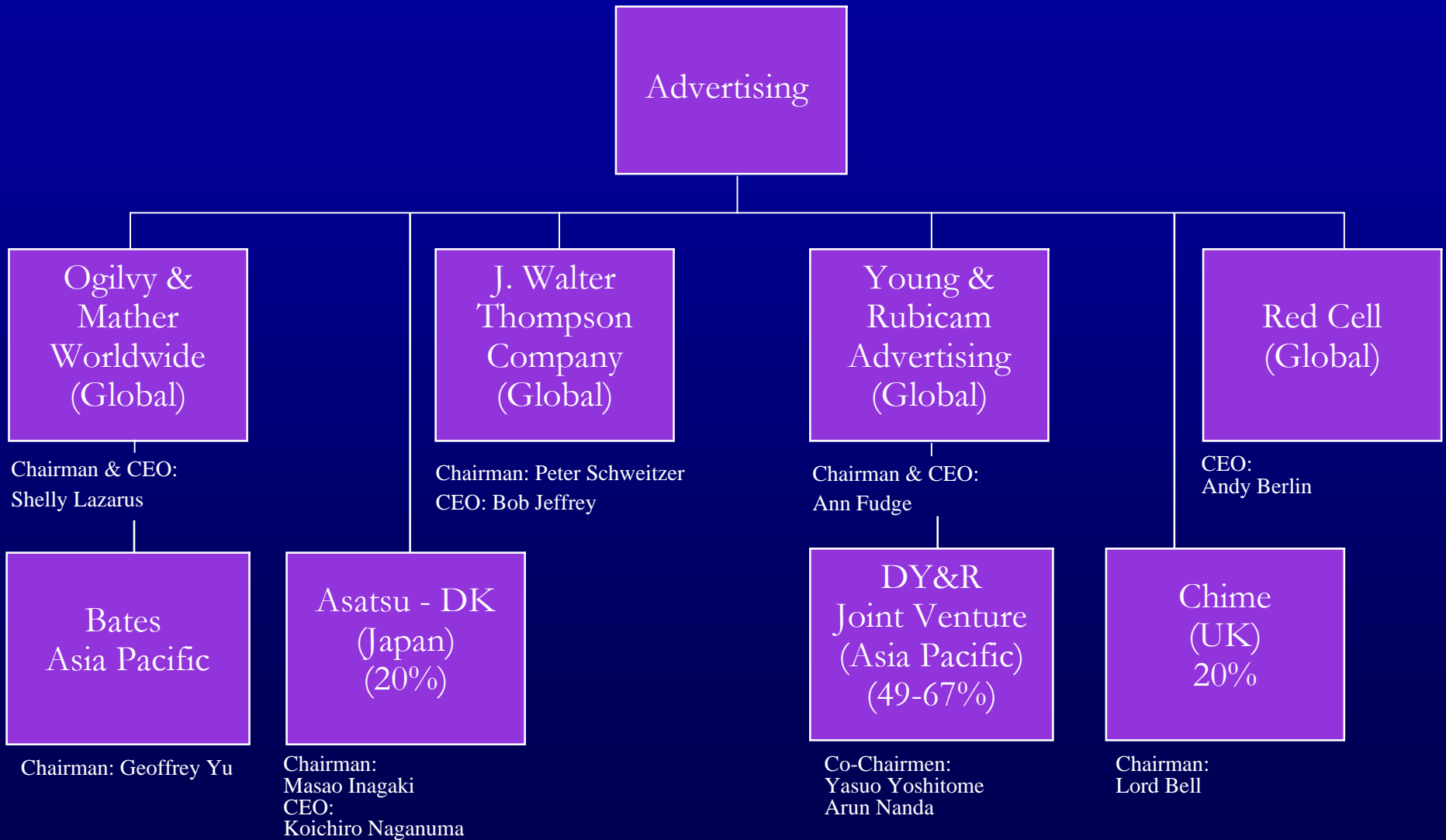
* Excludes Dentsu

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Revenue and PBIT figures are 2003 reported sterling actuals. PBIT is stated before goodwill and impairment, fixed asset gains and investment write-downs.

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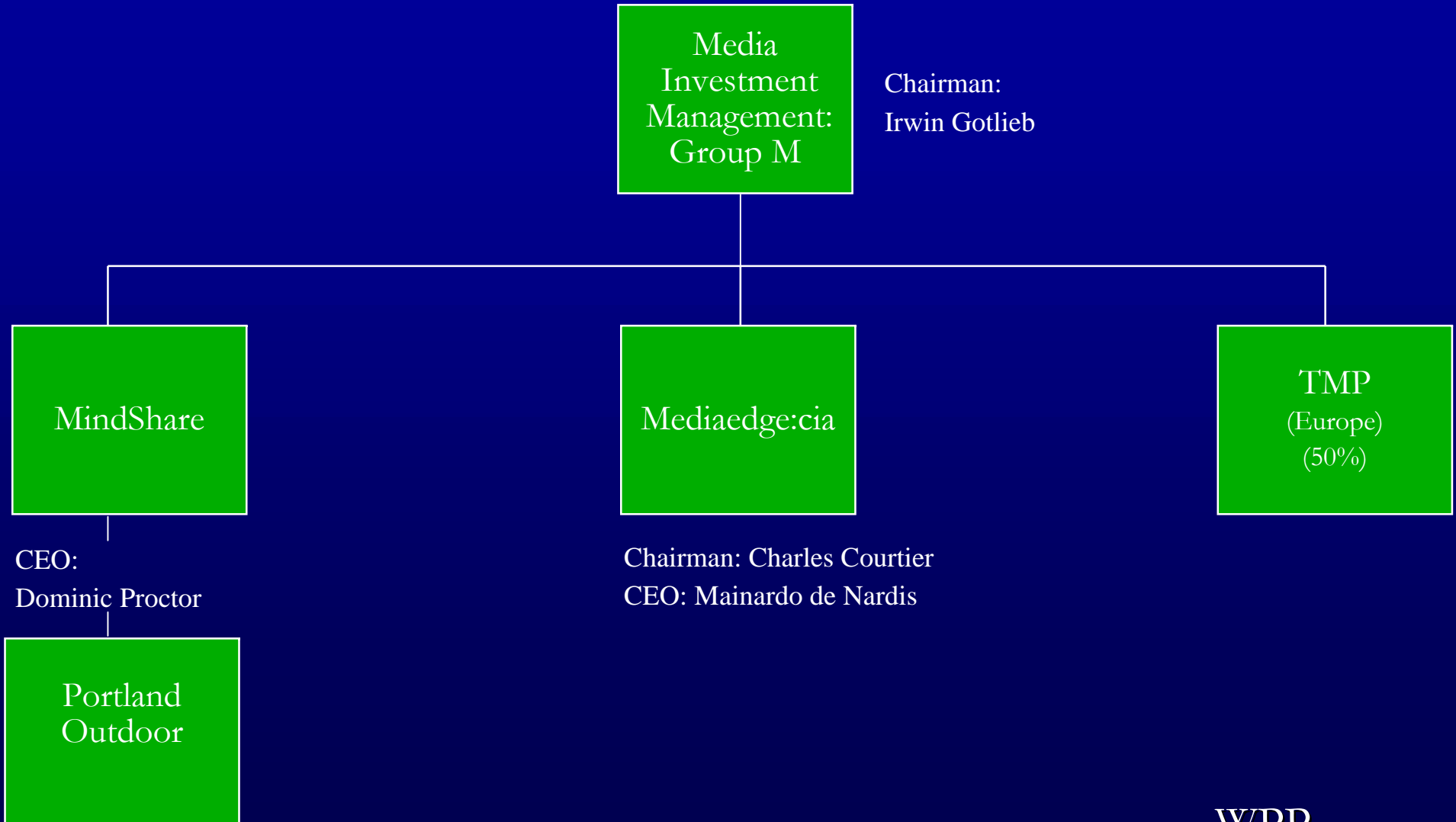
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Advertising - Competitive Worldwide Ranking

	<u>Worldwide</u>
J. Walter Thompson	3
Ogilvy & Mather	7
Y&R Advertising	9

Source: Advertising Age, 22 April 2002

WPP Today



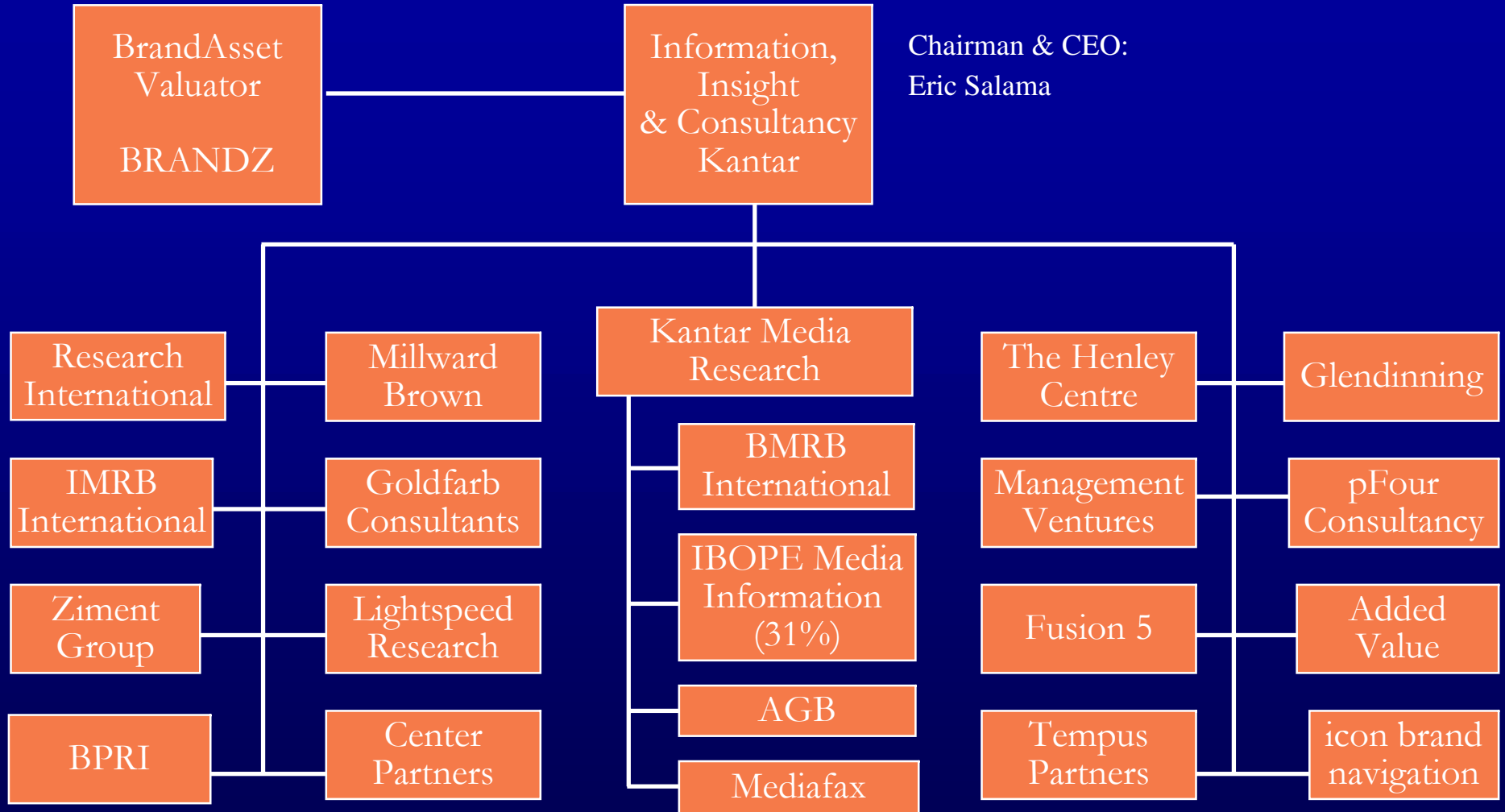
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Media Investment Management - Competitive Worldwide Ranking

	<u>USA</u>	<u>Outside USA</u>	<u>Worldwide</u>
MindShare	2	2	2
Mediaedge:cia	9	1	7

Source: Advertising Age, 22 April 2002

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Information, Insight & Consultancy - Worldwide Competitive Ranking

1. VNU (AC Nielsen & Nielsen Media Research)
2. IMS
3. The Kantar Group *
4. Taylor Nelson/Sofres
5. IRI

Note

* The Kantar Group includes icon brand navigation

Source: ESOMAR, September 2002

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Public Relations
&
Public Affairs

Executive Vice President,
Public Relations/Public Affairs:
Howard Paster

Hill and
Knowlton

Chairman & CEO:
Paul Taaffe

Ogilvy Public
Relations
Worldwide

Chairman & CEO:
Marcia Silverman

Burson-
Marsteller

Founding Chairman:
Harold Burson
President & CEO:
Chris Komisarjevsky

Cohn &
Wolfe

CEO:
Donna Imperato

Robinson
Lerer &
Montgomery

Chairman & CEO:
Linda Robinson

Wexler &
Walker

Chairperson Executive
Board: Anne Wexler
Chairman & CEO:
Robert Walker

Timmons &
Company

Chairman:
Timothy Keating
President:
Bryce Harlow

Finsbury

CEO:
Roland Rudd

Buchanan
Communications

CEO:
Richard Oldworth

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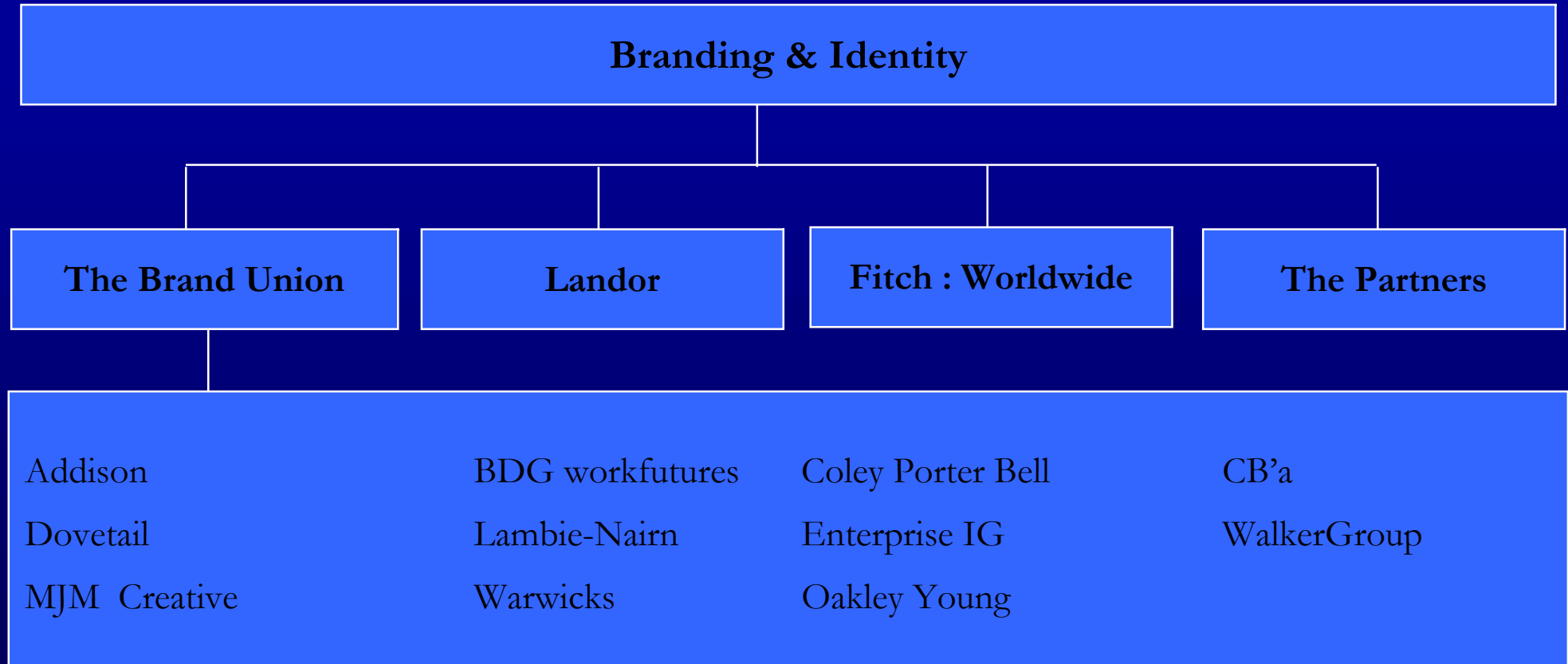
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Public Relations & Public Affairs - Competitive Worldwide Ranking

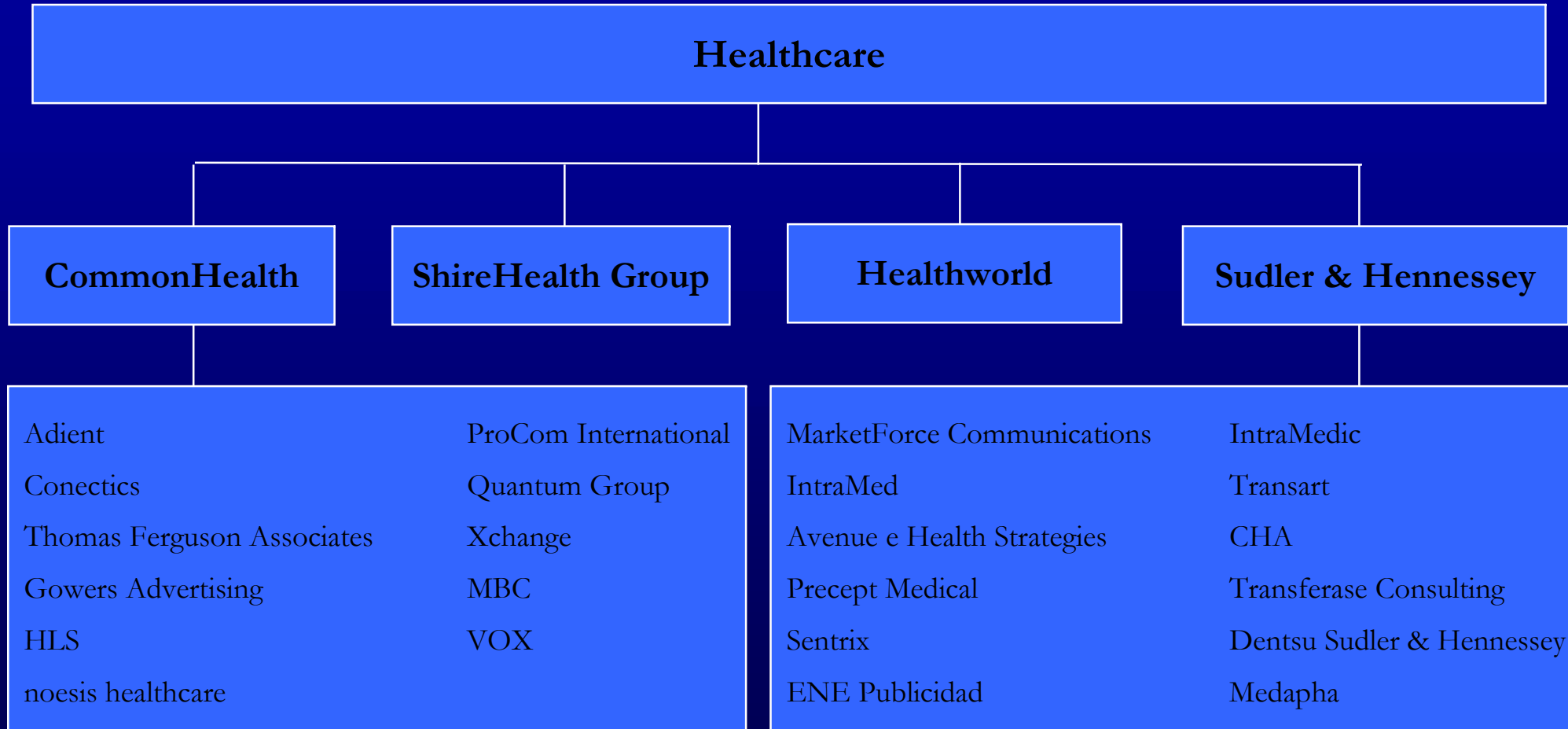
	<u>Worldwide</u>
Hill & Knowlton	3
Burson-Marsteller	4
Ogilvy Public Relations Worldwide	10

Source: Advertising Age, 22 April 2002

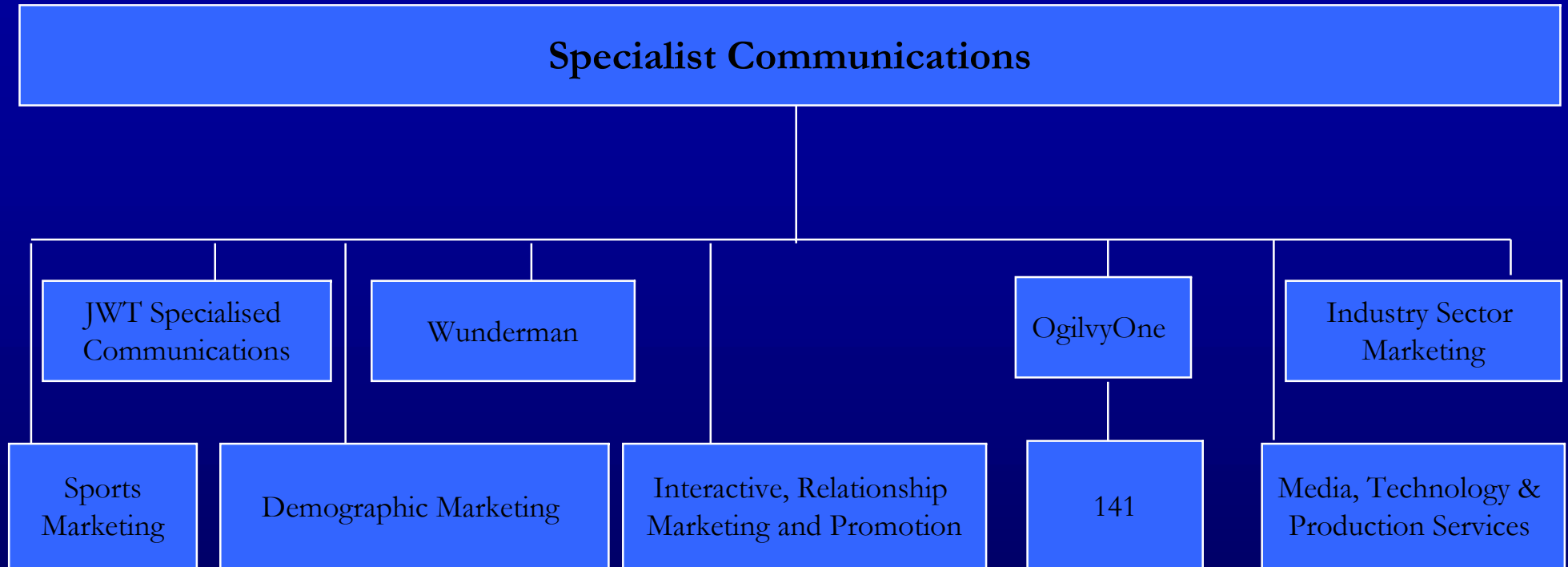
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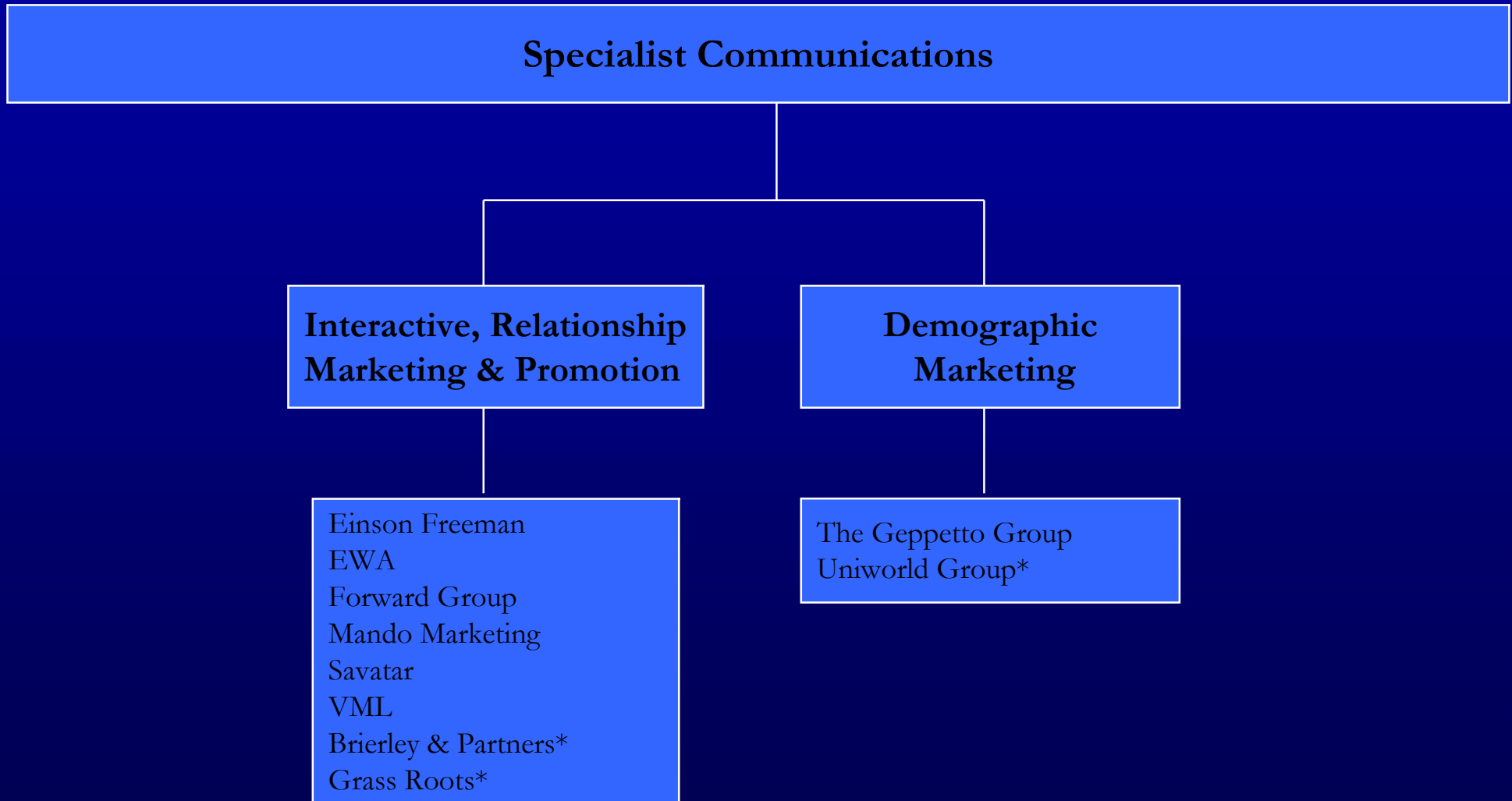
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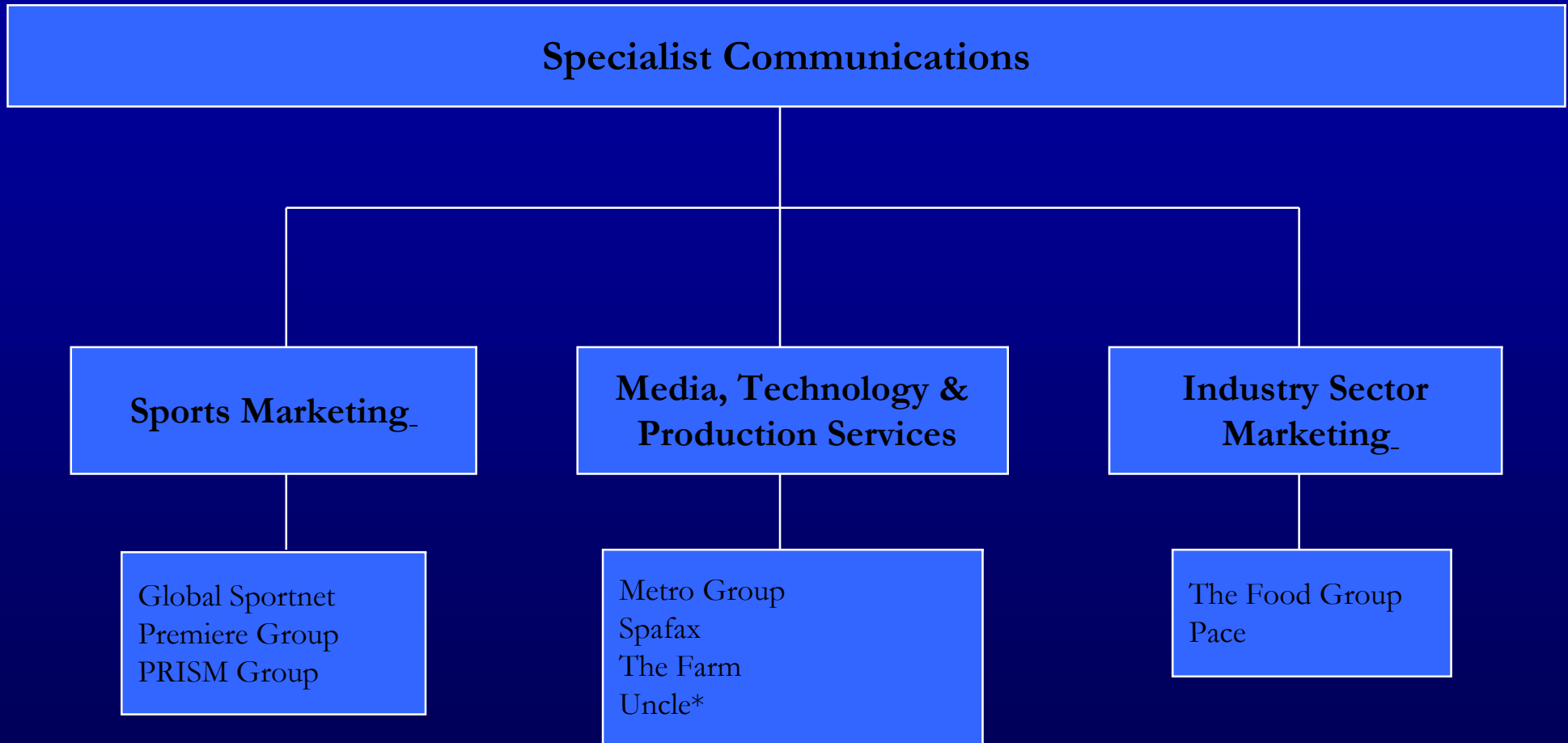


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* Associate companies

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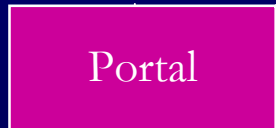
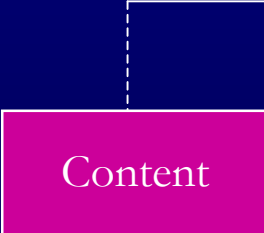
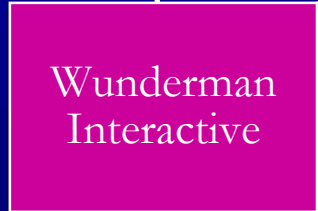
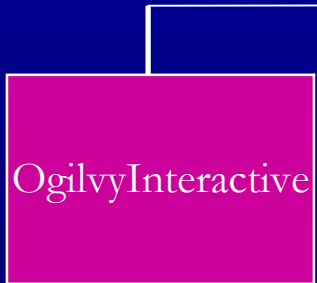


* Associate companies

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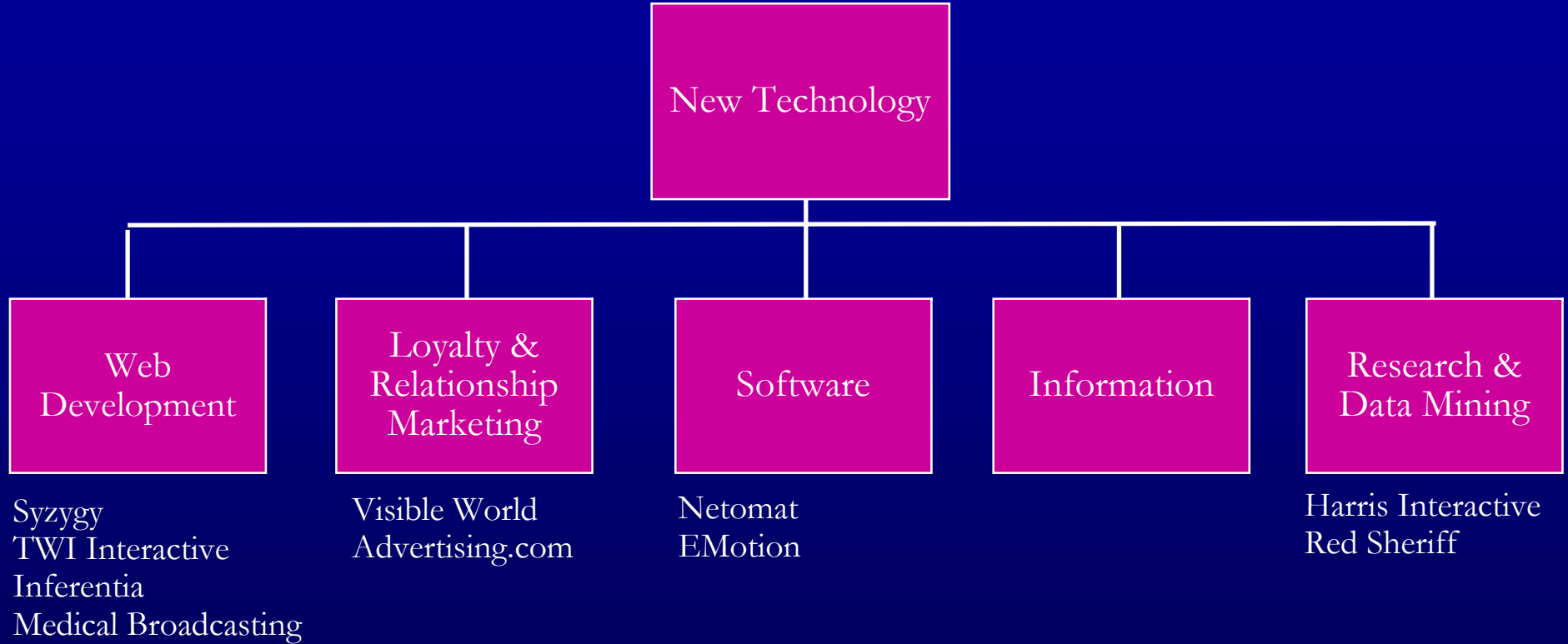
New Technology

wpp.com
Chairperson:
Esther Dyson
CEO: Mark Read



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New Technology



WPP

5

PVR Overview

PVR penetration

- 2.4 million subscribers today in US and UK
- USA (2.3 million or ca. 2% of households):
 - § EchoStar ReplayTV: ca 1 million subscribers
 - § TiVo
 - Through DirectTV ca 500,000 subscribers
 - Standalone ca 500,000
 - § Explorer 8000: ca. 300,000 through TimeWarner Cable
- UK (< 1% of households)
 - § BskyB Sky+: Ca 100,000 subscribers

PVR growth

- 0 to 2.4 million from 1999 through today
- Future growth estimates vary widely:
 - § Enders says US market will exceed 5 million or 5% penetration by 2004 and ca 10-17% UK penetration by 2008
 - § Yankee Group predicting 19 million or 19% penetration by 2006
 - § Jupiter Research 15-20% penetration by 2005, 34% by 2007
- Cable and Satellite TV providers pushing the technology
 - § DirectTV to “give them away” to all 25 million plus subscribers who ask
 - § TimeWarner Cable, Comcast, Cablevision and Cox already following suit
- Proliferation in the USA seems assured
- Question is not when but how they are used

PVR usage

- Limited data and based on early adopters
- According to Enders/MindShare:
 - § 50-60% of TiVo use was to record programming
 - § 77% of viewers who record Primetime TV skip the commercials
 - § Only 17% of viewers who watch live or “near live” programs skip commercials
 - § 50% of PVR owners claim they frequently fast forward commercials, while 25% claim they never watch them
 - § Avoidance higher in some categories (fast food) while lower in others (beer, prescription drugs, movie trailers)
- Study by P&G/BskyB found similar levels of recall of commercials in PVR and non PVR households

PVR threats

- Avoiding commercials, but most likely limited to prime time network vs local/syndicated TV.
- Time shifting: wreaks havoc for scheduling and syndicated audience measurement for prime time TV.
- Longer term change in viewing habits, particularly for the younger generation, who will grow accustomed to watching on their schedule not the networks
- Adds more complexity and choice to an already inundated viewer
- Video-on-demand bundled into some PVR packages

But, threats are overstated

- Television remains a passive activity and viewing behavior changes have been glacial
- While PVRs make it easier, the functional threat is not new: VCRs have provided commercial skipping capability with little impact on advertising.
- According to MindShare, only 3% of VCR homes are recording during Primetime
- Most PVRs unable to store programs permanently, which may inhibit adoption by DVD/VCR users. Commercial skipping not automatic.
- Would content owners give away these devices if he truly felt they would compromise his revenue stream which is almost 50% dependent on advertising dollars?
- Most likely clients will re-allocate ad dollars to other categories not affected by PVRs or to below the line services
- TiVo already selling commercials space on their systems

Responses to PVR proliferation

- Product Placement
- More live programming and events
- Incremental demand for media planning services/innovation
- Increase viewership for shows normally not watched i.e.
 - § Viewers not at home when programmes aired
 - § Prefer to watch a different show that airs simultaneously
- Data mining opportunities, privacy issues notwithstanding
- TiVo Nielsen alliances

Worst case scenario

- Assumption: commercial exposure from USA prime time network programming “goes away” and client spending not reallocated.

US Advertising Spend in 2002 (McCann)	\$250 billion
Television advertising: (\$250 billion x 17% all TV (network/spot/syndicated) =	\$43 billion
Prime time network exposure (one third of TV) =	\$14 billion
WPP Market Share of Billings (\$14bn x 7%) = (Ad Age estimate of 6-7%)	\$1 billion
WPP Revenue exposure (assume 10% fees on billings) =	\$100 million

- Maximum lost revenue would be 1.5% of Group revenues – assuming that budgets are not reallocated to other categories.

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Results for 2003

February 2004