



WPP

Trading Statement for the Third Quarter 2010

October 2010



Third Quarter 2010 Summary

- ✧ Reported revenue up 12.2% with constant currency revenue up 8.1%.
- ✧ Like-for-like revenue up 7.5%, the strongest quarterly growth in ten years.
- ✧ USA continuing “emerging market” growth rates with like-for-like revenues up 9.7%.
- ✧ Like for like regional growth is strong with UK up 7.6%, Asia Pacific, Latin America, Africa and Middle East and Central and Eastern Europe up 7.6% and Western Continental Europe up 4.7%.
- ✧ Advertising and Media Investment Management is the Group’s leading sector with like-for-like growth in third quarter of 9.0%.
- ✧ Industry leading New Business performance¹.
- ✧ Net Debt at 30 September of £2.954 billion, down £438m compared with September 2009, at 2010 exchange rates.

¹ WPP leads on all three major analysts’ New Business League tables for September YTD

Third Quarter 2010

Summary – Revenue Growth

| % change | Third Quarter | YTD |
|--|-------------------------|-------------|
| Like-for-like | 7.5 | 4.1 |
| Acquisitions | 0.6 | 0.4 |
| Constant currency | 8.1 | 4.5 |
| Foreign exchange | 4.1 | 1.8 |
| Reportable sterling | 12.2¹ | 6.3 |
| Reportable US dollars² | 6.1 | 5.7 |
| Reportable euros² | 17.4 | 10.1 |

¹ Average Q3 2010 exchange rate for US\$/£ was \$1.551 (Q3 2009 \$1.641), €/£ was €1.200 (Q3 2009 €1.148) and Japanese Yen/£ was Y133.0 (Q3 2009 Y153.6).

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

Third Quarter 2010

Revenue by Discipline: Third Quarter

| | 2010 | 2009 | % Change | | |
|---|----------------|--------------------|-------------|-------------------|---------------|
| | £m | £m | Reported | Constant Currency | Like-for-like |
| Advertising, Media Investment Management | 890.6 | 781.1 ¹ | 14.0 | 9.6 | 9.0 |
| Consumer Insight | 581.9 | 529.5 | 9.9 | 6.9 | 6.4 |
| Public Relations & Public Affairs | 207.7 | 189.0 | 9.9 | 5.1 | 5.0 |
| Branding & Identity, Healthcare and Specialist Communications | 572.8 | 507.6 ¹ | 12.8 | 8.1 | 7.1 |
| Total | 2,253.0 | 2,007.2 | 12.2 | 8.1 | 7.5 |

¹ In 2010 some rmg revenues have been included within JWT's advertising business and so 2009 comparatives have been restated.

Third Quarter 2010

Revenue by Discipline: Year to Date

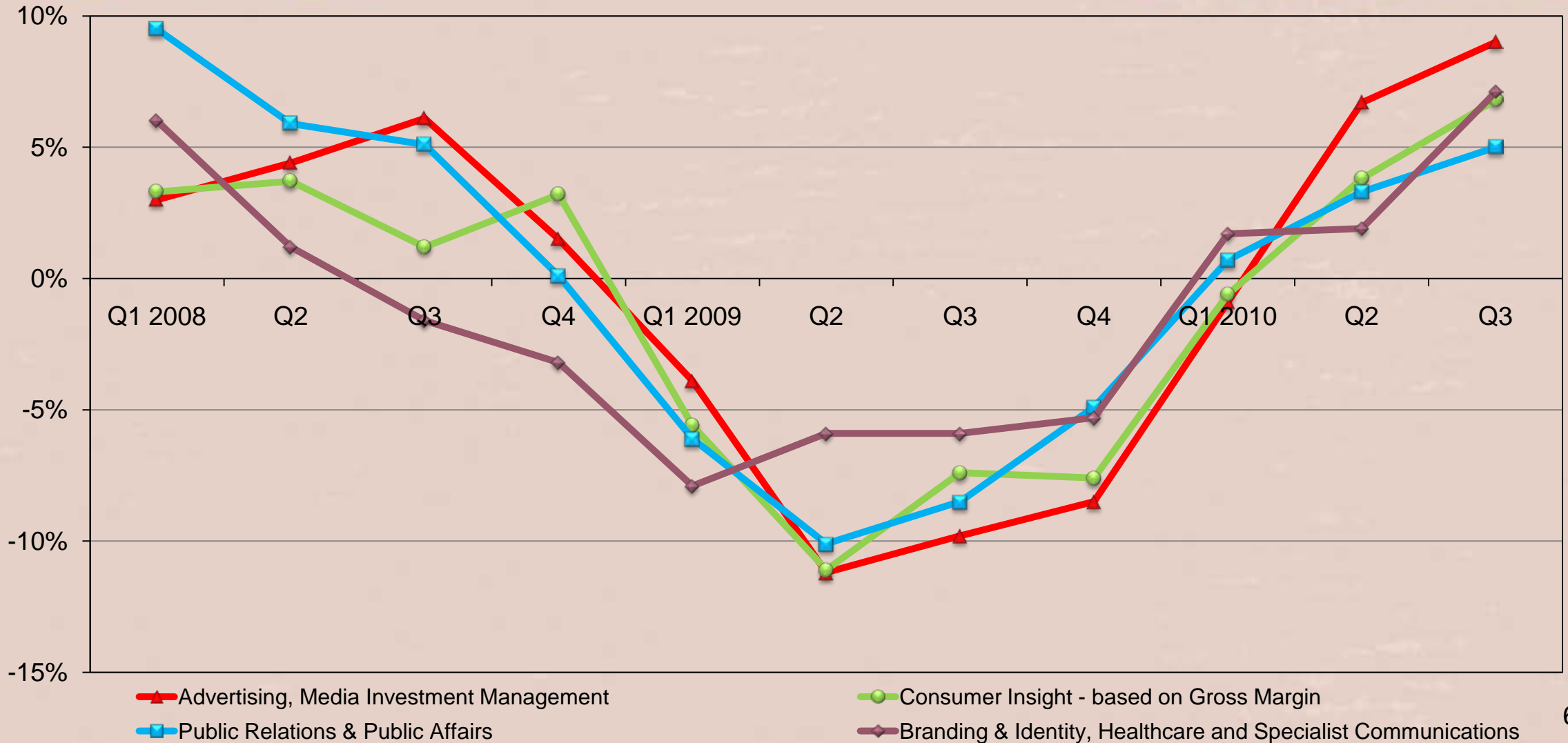
| | 2010 | 2009 | % Change | | |
|---|----------------|----------------------|------------|-------------------|---------------|
| | £m | £m | Reported | Constant Currency | Like-for-like |
| Advertising, Media Investment Management | 2,636.7 | 2,453.6 ¹ | 7.5 | 5.2 | 5.0 |
| Consumer Insight | 1,744.4 | 1,653.4 | 5.5 | 4.0 | 3.7 |
| Public Relations & Public Affairs | 624.7 | 592.5 | 5.4 | 3.8 | 3.0 |
| Branding & Identity, Healthcare and Specialist Communications | 1,688.1 | 1,596.4 ¹ | 5.7 | 4.1 | 3.6 |
| Total | 6,693.9 | 6,295.9 | 6.3 | 4.5 | 4.1 |

¹ In 2010 some rmg revenues have been included within JWT's advertising business and so 2009 comparatives have been restated.

Third Quarter 2010

Organic Revenue Growth Trends by Discipline

2008-2010 Q3 - Quarter by Quarter



Third Quarter 2010

Advertising, Media Investment Management

- ✧ Significant improvement in like-for-like growth with revenue up 9.0% in third quarter.
- ✧ Advertising up almost 7.0%, with strong growth in all regions except Western Continental Europe and the Middle East, which are less responsive.
- ✧ Media investment management up over 12% in third quarter, with particularly strong growth in the United Kingdom, Western Continental Europe, Central and Eastern Europe, Asia Pacific and Africa.

Third Quarter 2010

Consumer Insight

- ✧ Consumer insight continued the stronger growth rate seen in quarter two, with like-for-like growth of 6.4%.
- ✧ Sequential quarterly improvement in revenues, but UK still not strong. Like-for-like revenue growth in North America up 10%, Asia Pacific up 7%, Latin America up over 28% and Continental Europe up over 4%.
- ✧ Millward Brown, Kantar Worldpanel, Added Value, Kantar Retail, Center Partners, IMRB and Kantar Japan performed strongly.

Third Quarter 2010

Public Relations & Public Affairs

- ✧ Like-for-like revenue growth of 5.0% in the third quarter.
- ✧ Geographically, strong growth in North America, Asia Pacific and Latin America. The UK and Western Continental Europe difficult. Strong growth in Burson-Marsteller and Public Strategies in the US.

Third Quarter 2010

Branding & Identity, Healthcare and Specialist Communications

- ✧ Like-for-like revenue growth of 7.1% in third quarter, compared with under 2% in the first two quarters.
- ✧ Strong growth driven largely by OgilvyOne Worldwide, OgilvyAction, VML and Wunderman. Specialist digital companies, including 24/7 Real Media, Blue Group and Quasar like-for-like growth of over 9%.
- ✧ Geographically, strong like-for-like growth in direct, digital and interactive in North America, the United Kingdom, Asia Pacific and Africa. Western Continental Europe and Latin America not easy.

Third Quarter 2010

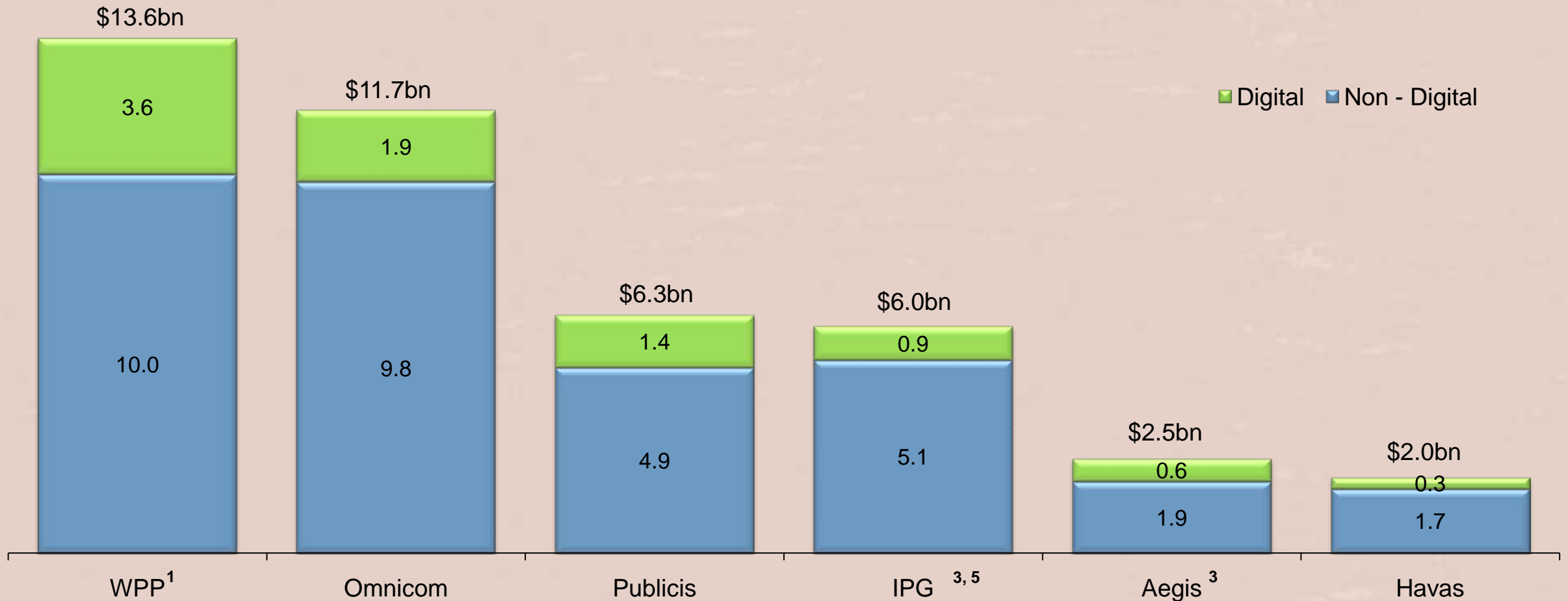
Direct, Digital and Interactive

- ✧ At 30 September 2010, direct, digital and interactive revenues were \$2.9bn or 28% of total revenues (2009: \$2.6bn and 26% respectively).
- ✧ The number of people working in the Group in this sector is 24,000 or c24% of headcount.
- ✧ Based on the RECMA¹ “Global Digital Agency Rankings”, WPP has over 35% more digital professionals than its nearest peer.
- ✧ WPP is well placed according to a leading Independent Research Firm ‘interactive ranking’ with three of the seven agencies ranked as “Digital Leaders”
 - three WPP agencies were OgilvyInteractive, VML and Wunderman
 - other agency leaders were Organic, Razorfish, RGA and Sapient

¹RECMA Global Digital Agency Rankings 2009/2010 dated 25 October, 2010 “Key findings digital staff resources”

Third Quarter 2010

Digital Revenues - 2009



Source: 1. WPP reportable US \$'s per WPP preliminary results.
 3. FX. Havas and Publicis assumes \$1=€0.72 based on the average for 2009.
 5. Publicis adjusted to include Razorfish for a full year.

2. 2009 company disclosures.
 4. Peer digital revenue according to Ad Age %'s applied to FY US\$ revenue.

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Revenue by Region: Third Quarter

| | 2010 | 2009 | % Change | | |
|---|----------------|----------------|-------------|-------------------|---------------|
| | £m | £m | Reported | Constant Currency | Like-for-like |
| North America | 819.5 | 704.5 | 16.3 | 9.6 | 9.3 |
| UK | 262.3 | 244.3 | 7.4 | 7.4 | 7.6 |
| Western Continental Europe | 519.5 | 506.4 | 2.6 | 6.1 | 4.7 |
| Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe | 651.7 | 552.0 | 18.1 | 8.3 | 7.6 |
| Total | 2,253.0 | 2,007.2 | 12.2 | 8.1 | 7.5 |

Third Quarter 2010

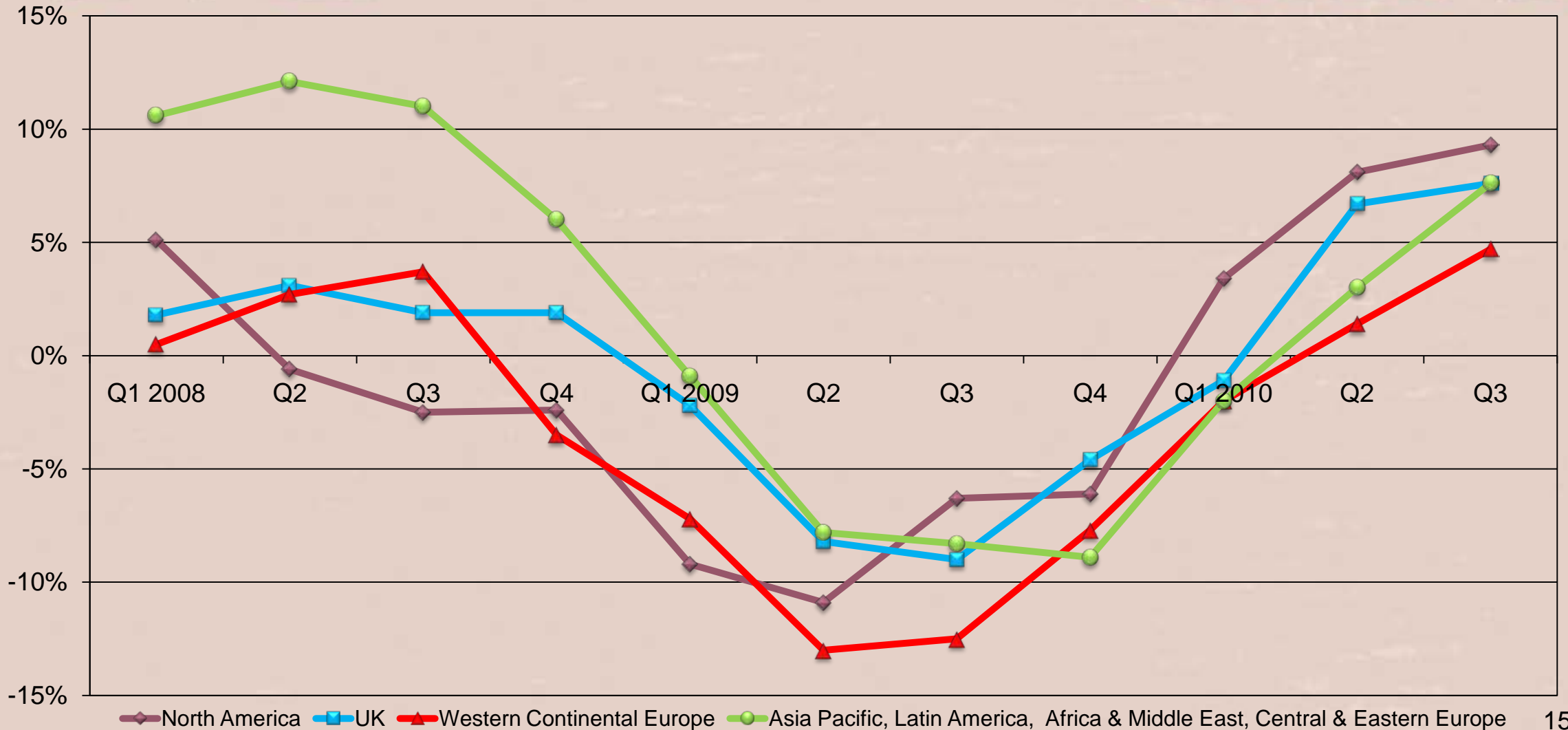
Revenue by Region: Year To Date

| | 2010 | 2009 | % Change | | |
|---|----------------|----------------|------------|----------------------|-------------------|
| | £m | £m | Reported | Constant Currency | Like-for- like |
| North America | 2,427.8 | 2,246.7 | 8.1 | 6.9 | 7.0 |
| UK | 785.4 | 753.6 | 4.2 | 4.2 | 4.4 |
| Western Continental Europe | 1,640.4 | 1,637.7 | 0.2 | 2.5 | 1.3 |
| Asia Pacific, Latin America, Africa & Middle East, Central & Eastern Europe | 1,840.3 | 1,657.9 | 11.0 | 3.4 | 3.0 |
| Total | 6,693.9 | 6,295.9 | 6.3 | 4.5 | 4.1 |

Third Quarter 2010

Organic Revenue Growth Trends by Region

2008-2010 Q3 - Quarter by Quarter



Third Quarter 2010

Growth by Region

- ✧ The United States was first to recover and has had five quarters of improving like-for-like revenue, with 9.7% in Q3 - more like an “emerging market”.
- ✧ Western Continental Europe is our second largest region, with significant improvement in like-for-like growth, with Q3 up 4.7%.
- ✧ UK and Asia Pacific, Latin America, Africa and Middle East and Central and Eastern Europe were both up well over 7% on a like-for-like basis.
- ✧ In Asia Pacific, Mainland China and India lead the region with like-for-like revenue up over 22% and 15% respectively. Australia has recovered with like-for-like growth of almost 7%. Japan was up in the quarter.

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Revenue Growth by Country

Revenue Growth¹

Countries

>15%

Argentina, Mainland and Greater China, Poland

10% to 15%

India

5% to 10%

Australia, Denmark, Germany, Italy, Mexico, Russia, Singapore, Sweden, UK, USA

<5%

Belgium, Brazil, Canada, France, Japan, Netherlands, Spain

¹ Like-for-like growth

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Revenue Growth by Category

| Revenue Growth ¹ | Categories |
|-----------------------------|---|
| >15% | Automotive, Computers, Drinks, Financial Services, Travel & Airline |
| 10% to 15% | Oil |
| 5% to 10% | Electronics, Entertainment, Food, Personal Care & Drugs |
| <5% | Government, Retail, Telecommunications |

¹ Like-for-like growth

Third Quarter 2010

Effects of Sterling Strength

- ✧ Currency movements accounted for a 4.1% increase in revenue in the third quarter, largely reflecting the weakness of the £ sterling against most currencies except the euro.
- ✧ The average rates for the quarter versus sterling rates were as follows:

| | Q3 2010 | Q3 2009 | Sterling (weaker) / stronger |
|------|---------|---------|---------------------------------|
| US\$ | 1.551 | 1.641 | (5%) |
| € | 1.200 | 1.148 | 5% |
| ¥ | 133.0 | 153.6 | (13%) |

Third Quarter 2010

Trade Estimates of Major New Business Wins

| WPP Agency | Incumbent | Account | Office | Billings (\$m) |
|-----------------|-------------|-----------------|---------------------|----------------|
| GroupM | IPG/OMC | Bayer | Worldwide | 600 |
| M4C | AGS/PUB/Ind | COI | UK | 375 |
| Team Mazda | Ind | Mazda | USA, Canada, Mexico | 250 |
| GroupM | AGS | Wind Telecom | Italy | 230 |
| Grey | IPG | Direct TV | USA | 200 |
| Team Bayer | Various | Bayer | Worldwide | 200 |
| MEC | OMC | Amway Artistry | China | 200 |
| MEC | IPG | Bacardi | Worldwide | 200 |
| <u>MediaCom</u> | <u>PUB</u> | <u>AB Inbev</u> | <u>China</u> | <u>190</u> |
| JWT | OMC | BMW | France | 154 |
| Mindshare | IPG | CVS | USA | 150 |
| Mindshare | AGS | Radio Shack | USA | 150 |
| Ogilvy | PUB | IHG | Worldwide | 120 |
| Maxus | PUB | BT | UK | 120 |

Underlined figures are Q3 wins

Third Quarter 2010

Trade Estimates of Major New Business Wins

| WPP Agency | Incumbent | Account | Office | Billings (\$m) |
|---------------------|--|------------------------------------|---------------|----------------|
| MediaCom | AGS | EA Games | Europe | 115 |
| <u>Grey</u> | <u>Ind</u> | <u>Red Lobster</u> | <u>USA</u> | <u>115</u> |
| Mindshare | OMC | 21 st Century Insurance | USA | 100 |
| MediaCom | AGS | Revlon | USA | 100 |
| <u>MediaCom</u> | <u>PUB</u> | <u>Travelers</u> | <u>USA</u> | <u>100</u> |
| <u>Maxus</u> | <u>AGS</u> | <u>Alberto Culver</u> | <u>USA</u> | <u>100</u> |
| <u>Grey</u> | <u>Ogilvy</u> | <u>GSK</u> | <u>Global</u> | <u>100</u> |
| Ogilvy | IPG | Ikea | USA | 90 |
| <u>JWT</u> | <u>Rediffusion Y&R¹</u> | <u>Bharti Airtel</u> | <u>India</u> | <u>80</u> |
| Brand Union | PUB | Bharti Airtel | Africa | 70 |
| Ogilvy | JWT | Kimberley-Clark | USA | 70 |
| <u>Team Detroit</u> | <u>IPG</u> | <u>Sports Authority</u> | <u>USA</u> | <u>70</u> |
| <u>MEC</u> | <u>OMC</u> | <u>Reliance Communications</u> | <u>India</u> | <u>56</u> |
| <u>Grey</u> | <u>Ind</u> | <u>Reliance Communications</u> | <u>India</u> | <u>55</u> |

Underlined figures are Q3 wins

¹ WPP Associate

Third Quarter 2010

Trade Estimates of Major New Business Wins

| WPP Agency | Incumbent | Account | Office | Billings (\$m) |
|-----------------|----------------|-----------------------------|------------------|----------------|
| Ogilvy | PUB | Tsingtao Beer | China | 50 |
| <u>Grey</u> | <u>HAV</u> | <u>Bausch & Lomb</u> | <u>China</u> | <u>50</u> |
| <u>MediaCom</u> | <u>AGS</u> | <u>NRMA Insurance</u> | <u>Australia</u> | <u>36</u> |
| Schematic | Ind | Mitsubishi | North America | 35 |
| Grey | Local agencies | Santander | Europe | 32 |
| Maxus | MEC | Fiat | UK | 30 |
| Ogilvy | OMC | American Family Insurance | USA | 30 |
| <u>Maxus</u> | <u>IPG</u> | <u>L'Oreal</u> | <u>India</u> | <u>30</u> |
| MEC | PUB | South Australian Government | Australia | 27 |
| GroupM | AGS | BNP Paribas | Italy | 25 |
| MEC | In house | Telkomsel | Indonesia | 25 |
| <u>Bravo</u> | <u>Ind</u> | <u>Wendy's</u> | <u>USA</u> | <u>25</u> |

Underlined figures are Q3 wins

Third Quarter 2010

Trade Estimates of Major New Business Losses

| WPP Agency | Winning Agency | Account | Office | Billings (\$m) |
|-----------------|---------------------|-------------------|--|----------------|
| RKCR/ Y&R | OMC | Virgin Media | UK | 105 |
| <u>JWT</u> | <u>IPG</u> | <u>Microsoft</u> | <u>Global</u> | <u>100</u> |
| <u>Ogilvy</u> | <u>Grey</u> | <u>GSK</u> | <u>Global</u> | <u>100</u> |
| MediaCom | AGS | Smuckers | USA | 95 |
| <u>Ogilvy</u> | <u>Ind</u> | <u>Post Foods</u> | <u>USA</u> | <u>90</u> |
| <u>Grey</u> | <u>mcgarrybowen</u> | <u>Pfizer</u> | <u>Global</u> | <u>80</u> |
| MEC | PUB | Mars-Wrigley's | China | 70 |
| JWT | Ogilvy | Kimberley-Clark | USA | 70 |
| JWT | BBH | Diageo | Worldwide | 59 |
| <u>MediaCom</u> | <u>PUB</u> | <u>GSK</u> | <u>Germany, Austria, Switzerland</u> | <u>57</u> |

Underlined figures are Q3 losses

Third Quarter 2010

Trade Estimates of Major New Business Losses

| WPP Agency | Winning Agency | Account | Office | Billings (\$m) |
|------------------|----------------|-------------------------------|--|----------------|
| <u>Mindshare</u> | <u>PUB</u> | <u>Telefonica / O2</u> | <u>Germany, Austria, Switzerland</u> | <u>48</u> |
| MEC | Ind | Weight Watchers | Worldwide | 40 |
| MEC | Maxus | Fiat | UK | 30 |
| <u>MediaCom</u> | <u>Ind</u> | <u>Lifetime Cable Network</u> | <u>USA</u> | <u>25</u> |
| MediaCom | AGS | Deutsche Bank | Worldwide | 25 |

Underlined figures are Q3 losses

Third Quarter 2010

Internal Estimates of Net New Business Wins – Year to Date

| Billings (\$m) | Creative | Media | Total |
|------------------|--------------|--------------|--------------|
| Advertising | 1,133 | 2,949 | 4,082 |
| Other Businesses | 709 | - | 709 |
| Total | 1,842 | 2,949 | 4,791 |

Third Quarter 2010

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

| | WPP Agency | Incumbent | Account | Office | Billings (\$m) |
|--------|----------------|----------------|-------------|--------|----------------|
| GAINS | Mindshare | PUB | L'Oreal | China | 1,000 |
| | Grey | Ind | Sony Bravia | Global | n/a |
| | WPP Agency | Winning Agency | Account | Office | Billings (\$m) |
| LOSSES | MediaCom | AGS | Diageo | USA | 130 |
| | Grey | PUB | P&G Flash | Global | 79 |
| | Mindshare/ Neo | PUB | Yahoo! | Global | 45 |

Third 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 |
| 5. Aegis | 105 points |
| 6. Havas | 95 points |
- ✧ MEC is the individual agency leader.

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

Third Quarter 2010

Uses of Cash Flow

- ✧ Average net debt in the first nine months down £288 million to £3.148 billion, compared to £3.436 billion in 2009, at 2010 exchange rates.
- ✧ Net debt at 30 September down £438 million to £2.954 billion, compared to £3.392 billion last year.
- ✧ Free cash flow in the last 12 months of over £800 million (approximately \$1.2 billion).
- ✧ 4.5 million shares purchased at a cost of £28.6 million and average price of £6.42 per share.

Third Quarter 2010

Acquisitions and Investments – Year to Date

Faster Growing Markets

GIIR (KOREA)¹

Grey Brazil¹

Grey Poland¹

Solski (Poland)

Y&R SAA (Israel)¹

COMWERKS (SINGAPORE)

DPI (CHINA)

Expert Monitor (Poland)¹

ID Consultores (Argentina)¹

Midia Digital (Brazil)

lCherry (Brazil)

MOMENT SYSTEMS(CHINA)²

SUPERTOOLS (CHINA)²

TNS Chile¹

Quantitative and Digital

Ace Metrix (USA)²

DIGITARIA (USA)

E-Commera (UK)²

Iconmobile (Germany)¹

Invidi (USA)^{1,2}

Johannes Leonardo (USA)¹

Jump Tap (USA) ^{1,2}

MEC Access (Germany)¹

TRA (USA) ^{1,2}

Video Egg (USA)^{1,2}

Visible Technologies (USA)¹

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

² Investment

CAPITALS ARE Q3 ACQUISITIONS

Third Quarter 2010

Other Acquisitions – Year to Date

Healthcare

GEOFF HOWE (UK/ USA/ CZECH REPUBLIC)

Public Relations & Public Affairs

Hering Schuppener¹ (Germany)

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

Third Quarter 2010 Use of Free Cash Flow

| <u>Category</u> | <u>Target</u> | <u>Sept YTD 2010</u> | <u>Sept YTD 2009</u> | <u>FY 2009</u> |
|---|------------------|----------------------|----------------------|-------------------|
| New acquisitions ¹ | Up to £100m | £26m ² | £80m ² | £63m ² |
| Share purchases | Up to 1% | 0.4% | 0.2% | 0.2% |
| Dividends | Growth up to 15% | 15% | Flat | Flat |
| Headroom: Undrawn facilities & surplus cash | - | £1.7bn | £1.5bn | £2.2bn |

¹ Includes investments and step-ups in subsidiaries' equity

² Net of disposal proceeds

Third Quarter 2010

Summary

- ✧ Strong like-for-like industry growth reported in third quarter, with the Group up 7.5%.
- ✧ Strong new business inflow is reflected in top-line growth.
- ✧ Acceleration from Q2 to Q3 driven by stronger growth in Europe and significant acceleration in Asia Pacific, Latin America, Africa and the Middle East and Central and Eastern Europe.
- ✧ Revenues and variable costs (incentive pools, freelance and consultants) are reaching pre-recession levels as we enter Q4 2010 and 2011.
- ✧ Operating margin in the third quarter ahead of prior year and tougher comparatives.
- ✧ Strong cash flow from operations; average net debt down £288m in first nine months and net debt at 30 September down £438m at £2.954bn, at 2010 exchange rates.

Third Quarter 2010 Outlook

- ✧ Faster growing markets have recovered and should be the major source of growth in 2011 and beyond.
- ✧ Direct, digital and interactive continues to expand its share of our revenues, growing above the Group average.
- ✧ With most of our clients on a calendar year basis, we have a good fourth quarter in prospect.
- ✧ 2010 full year margin improvement should exceed the Group's margin target of 1.0 margin point improvement, with variable costs restored to more than historic levels.

Third 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.
- ✧ In Wunderman and OgilvyOne the Group has two uniquely global direct, digital and interactive networks by revenue, footprint and headcount.
- ✧ Our ambition for 2010 is to reach the 2008 Headline diluted EPS of 55.5p and from 2011 return to our financial model for annual 10% - 15% EPS growth.
- ✧ As stability and growth return, the Group's strategic focus on new markets, new media and consumer insights using the application of technology and analysis of data will support our ambition and should prove to be even more effective.



WPP

Trading Statement for the Third Quarter 2010

October 2010

