

**WPP 2001 Interim Results  
20 August 2001**

**Revenue up over 65% to \$2.875 billion (£1.997 billion)**

**Profit before tax up almost 80% to \$356.5 million (£247.6 million) against \$216.2 million (£137.7 million)**

**Diluted earnings per share up almost 22% to 21.0c (14.6p) from 18.8c (12.0p)**

**Interim ordinary dividend up 20% to 2.1c (1.44p) per share**

WPP Group plc (NASDAQ: WPPGY) today announced interim financial results for the period ending June 30, 2001.

- Revenue up over 65% to \$2.875 billion (£1.997 billion) and up over 58% in constant currencies
- Profit before interest and tax up almost 73% to \$399.9 million (£277.8 million) and up over 67% in constant currencies
- Operating margin up one margin point and one margin point in constant currencies in line with objectives
- Profit before tax up almost 80% to \$356.5 million (£247.6 million) and up almost 75% in constant currencies
- Diluted earnings per share up almost 22% to 21.0c (14.6p) from 18.8c (12.0p) and up 18% in constant currencies
- Interim ordinary dividend up 20% to 2.1c (1.44p) per share
- Net new business billings of almost \$1.4 billion (£900 million). Ranked number one advertising and marketing services group for the first seven months of 2001

**Summary of Results**

The Board of WPP Group plc announces its results for the six months ended 30 June 2001, which show significant continued improvement despite difficult economic conditions, particularly in the United States.

Turnover was up over 58% to \$12.9 billion (£9.0 billion) in the first six months of 2001.

Reportable revenue was up over 65% at \$2.875 billion (£1.997 billion). On a constant currency basis revenue was up over 58%. Pro-forma for the merger with Young & Rubicam Inc. ("Y&R"), constant currency revenues were up almost 6%. Excluding all acquisitions, constant currency revenues were up over 3%.

Profit before interest and tax was up almost 73% to \$399.9 million (£277.8 million) from \$252.3 million (£160.7 million) and up over 67% in constant currencies.

Pre-goodwill, reported operating margins rose by 0.9 margin points to 14.2% from 13.3%, and in constant currencies the operating margin grew by one margin point. On a reportable pro-forma combined basis, allowing for the merger with Y&R and excluding goodwill charges, operating margins rose by one margin point. Reported operating costs rose by over 63% and rose by almost 57% in constant currencies.

The Group's staff cost to gross margin ratio, excluding severance commitments, was flat at 59.6% in the first half of 2001, compared to the same period last year. On a like-for-like basis the average number of people in the Group was 51,007 in the first half of the year, compared to 49,352 in 2000, an increase of 3.4%. On a like-for-like basis, the total number of people in the Group at the half year end was 50,691, compared to 52,623 at the end of 2000, a decrease of 3.7% and compared to an actual figure of 31,416 in June 2000.

Net interest payable and similar charges increased to \$43.4 million (£30.2 million) from \$36.1 million (£23.0 million), reflecting improved profitability and lower interest rates more than offset by the impact of share repurchases and acquisitions.

Reported profit before tax rose by almost 80% to \$356.5 million (£247.6 million) from \$216.2 million (£137.7 million). In constant currency pre-tax profits rose by almost 75%.

The tax rate on profit on ordinary activities was steady at 30% in comparison with last year.

Diluted earnings per share were up almost 22% at 21.0c (14.6p), and up 18% in constant currencies.

The Board declares an increase of 20% in the interim ordinary dividend to 2.1c (1.44p) per share. The record date for this interim dividend is 14th September 2001, payable on 19th November 2001.

Further details of WPP's financial performance are provided in Appendix I (in sterling) and Appendix II (in euros).