



PUBLICIS GROUPE

PRESS RELEASE

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Publicis Groupe sells Credit Linked Notes and buys back bond component of OBSAs

- **Simplification of balance sheet**
- **Significant improvement in debt-to-equity ratio**
- **Lasting reduction of financial costs**

In line with its commitments to simplifying the balance sheet structure and allowing greater clarity, Publicis Groupe has arranged a transaction with Deutsche Bank whereby it is to simultaneously sell Credit-Linked Notes acquired in July 2003 and buy back the bond component of the OBSAs (bonds with equity warrants attached) issued on the occasion of the Bcom3 acquisition in September 2002. The transaction was carried out on the basis of a €70 million differential between the values of these two instruments paid by Publicis Groupe.

Publicis Groupe CFO Jean-Michel Etienne comments: *“This transaction marks an important step forward in efforts to simplify our balance sheet. It also means a lasting improvement in financial ratios, net income and EPS. We will now be moving ahead to complete the program.”*

This transaction has positive effects on both the statement of income and the balance sheet.

1- Statement of income

- A lasting reduction of financial costs amounting to over €20 million a year from 2005 on (applying IFRS principles).
- An exceptional capital gain of €20 million representing the difference between the value of the transaction and the value of the two instruments in the Groupe's books (€90 million).
- Completion of the transaction led to a recovery of €126 million in net deferred tax liabilities booked on the occasion of the Bcom3 acquisition.



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2- Balance sheet

This transaction significantly strengthens the structure of the Publicis Groupe balance sheet. If its impact had been recognized in financial statements at June 30, 2004, the ratio of net debt to equity (including minority interests and ORANES - bonds redeemable in shares) would have been reduced from 1.00 to 0.71 as a result of:

- On the asset side, elimination of Credit Linked Notes in an amount of €376 million and a parallel €70 million reduction in cash and cash equivalents.
- On the liability side, elimination of the bond component of OBSAs (bonds with equity warrants attached) in an amount of €471 million and of €126 million in deferred taxes relating to the discounting of OBSAs.
- As regards shareholders' equity, redemption of the bond component of OBSAs means that the warrant component can be reclassified as equity in an amount of €120 million (after deduction of deferred tax assets) under French accounting standards as of 2004, this being in any case applicable under IFRS principles.
- Reduction of net consolidated debt by €20 million, representing the amount of the capital gain.

Publicis Groupe was advised by Société Générale and law firm Darrois, Villey, Maillot & Brochier.

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Publicis Groupe (Euronext Paris: FR0000130577 - NYSE: PUB) is the world's fourth largest communications group, as well as world leader in media counsel and buying. Its activities span 109 countries on six continents. Groupe activities cover **advertising**, through three autonomous global advertising networks: Leo Burnett Worldwide, Publicis Worldwide, Saatchi & Saatchi Worldwide, as well as through its two multi-hub networks Fallon Worldwide and Bartle Bogle Hegarty, 49%-owned ; **media consultancy and buying** through two worldwide networks ZenithOptimedia and Starcom MediaVest Group; and **marketing services** and specialized communications including direct marketing, public relations, corporate and financial communications, multicultural and healthcare communications.

Web sites: www.publicis.com and www.finance.publicis.com